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EMPIRE CLUB OF CANADA

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CHARLES AYLETT
TORONTO

H. G. STAPELLS

President of the Empire Club of Canada, 1931.

EMPIRE CLUB
OF
CANADA

ADDRESSES DELIVERED TO THE
MEMBERS DURING THE
YEAR 1931

Twenty-ninth Year of Issue

CANADA AND A UNITED EMPIRE

GOD SAVE THE KING

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THE ROYAL EMPIRE SOCIETY

AND

THE EMPIRE CLUB OF CANADA

The Empire Society and the Empire Club of Canada are affiliated with a view to promote mutually the object for which both were founded, namely, the Unity of the Empire. Each extends to visitors and members vouched for by the other the usual courtesies on arrival in London or Toronto.

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YEAR 1931

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PREFATORY NOTE

Due largely to the untiring efforts of Mr. H. G. Stapells, President and also Chairman of the Speaker's Committee for the year 1931, the Club enjoyed, during his term of office, a series of addresses, which, for timely and valuable interest, have been unsurpassed in the history of the Club. The members are fortunate in obtaining a permanent record of these speeches through the publication of this volume.

The warm reception accorded His Excellency The Right Honourable The Earl of Bessborough at a joint meeting of the Canadian and Empire Clubs was a spontaneous tribute to the King's representative in this country. We are justly proud of our new Governor-General and welcome his expression of interest in Canada's cultural development.

Outstanding among the many current International problems are the Russian Five-Year Plan, the chaotic economic disturbances in all countries and the awakening of India to a desire for independence. Various aspects of these three subjects were ably presented to the members during the year.

Conditions in Russia were exceptionally well portrayed by Count Paul N. Ignatieff, sometime Minister of Education in the Czarist regime, and by Rabbi Barnett R. Brickner of Cleveland. Few who heard the latter will forget his vivid, stirring picture of present day Russia.

As an indication of the interest shown in the financial situation, the four or five luncheons at which Economic subjects were under review were well attended. The intricate problem of "Money and credit" found clear exponents in G. F. Towers, B.A. and the Hon. H. H. Stevens. While all may not agree with the somewhat pessimistic forecasts of Sir George Paish, there is no doubt that one is wiser for having heard his intelligent, convincing arguments. The fine impression made by Professor W. C. Clark of Queen's University, in his address on "The Current Business Situation" will be long remembered and much benefit would be derived from a close study of his views.

Our desire for a better understanding of Indian problems was manifested by the three large and successful meetings at which this subject was so effectively treated. It is worthy of mention that one of India's leading daily newspapers commented editorially on this series of addresses. The "Statesman" of Calcutta in its issue of January the first said in part,—"The ties that bind the British Empire together tend everyday to become more invisible. That the ties are strong, however, is clearly evidenced by the interest taken in the Indian problem in every part of Canada. Last week Major-General Sir Arthur Currie was the speaker at an Empire Club luncheon in Toronto at which he addressed over four hundred business men of that city on the subject of India. A week earlier the speaker to the same body was Colonel Fraser Hunter, formerly of the Indian survey; while this week Mr. George Pilcher, at one time a member of the Indian Assembly, and also of the British House of Commons, was heard with an interest which suggests that the patience of the Canadian public in its endeavour to penetrate to the heart of the Indian mystery is all but inexhaustible." Truly the fame of the Empire Club is spreading when an important daily paper on the other side of the globe reports our proceedings.

Due either to his illustrious family, to his extreme youth or perhaps to the irresistable nature of the speaker himself, a large audience gathered to hear Randolph Churchill's scintillating and critical speech.

The enthusiasm which marked the opening meeting of the year was proof of the high esteem in which the Hon. G. Howard Ferguson is held by the members of the Empire Club. We admire the sincere imperialistic sentiments which have ever actuated our present High Commissioner in London.

As an indication of the widespread interest our meetings have commanded generally, and as an example of the many laudatory newspaper reports which appeared during the year, we quote from the special article of R. E. Knowles appearing in the Toronto Daily Star of December the eleventh, 1931:

> "The Empire Club's luncheon yesterday at the Royal York hotel was one of singular interest. Quite worth the studying was the head table. There was a long line of past presidents to the left and right of Mr. H. G. Stapells, M.A., one of the best "presiders" I ever saw or heard. What he lacks of beauty—and these arrears are few—is abundantly atoned for by a magnetic personality, a swift nervousness of command and inspiration, and especially a rare faculty of precise but graceful utterance, whose appreciation of the opal tints of words and flair for a perfectly rounded paragraph have excited my admiration over and over again during his year of presidential office.
>
> Past President J. B. Perry, the time-less one, was there, serene and tranquil as has been his singularly sunlit life. And Rev. Dr. R. N. Burns, who poses as a septuagenarian but convinces nobody outside of the life insurance business. And Bishop Sweeney, whose usually downcast eyes, at functions like that of yesterday, were the first to light with mirth on proper provocation, that gentle tenderness appearing which peculiarly enriches the later years of his great pastorate and more and more makes him the bishop of us all.
>
> And Dr. Albert Ham was there, a smile whenever there was half a chance, his kindly personality as melodious as the craft with which for forty years he has made his cathedral a living power. And Norman Sommerville, K.C., he was there, his strong reflective face, through all the public speaking, in-

dicating an inward appraisal of how much better or worse he could have turned the trick himself. And Mr. Hugh S. Eayrs, M.A., scion of English culture and the most discerning literature taster in Toronto, as befits the successful head of a great house of letters. And Mr. John D. Spence, genially masterful as ever; Sir William Hearst, battle-free now and composed and philosophic always; Brigadier-General Mitchell, a man of war by profession but a gulf stream by nature and practice—and, to conclude with a sunny peak, Mr. Arthur Hewitt, with that smiling light of countenance which flourishes in December quite as well as June and who, in hard times or soft, always radiates a complacent optimism which would warrant the presumption that he has the world by the tail."

And then Mr. Knowles comments at length upon the excellence of Professor Clarke's address—a most satisfactory conclusion to a most satisfactory year.

W. B. WATSON,
Chairman Editorial Committee.

CANADA'S REPRESENTATION AT LONDON

AN ADDRESS BY HON. G. HOWARD FERGUSON, K.C., LL.D.

6th January, 1931

LIEUT.-COL. GEORGE A. DREW, Vice-President, called on SIR WILLIAM MULOCK, K.C.M.G., Chief Justice of Ontario, to introduce the speaker of the day. Sir William, who was received with cheers on rising, said: The Empire Club of Canada has done me the great honour of inviting me to introduce our distinguished guest of to-day, the Honourable G. Howard Ferguson, and as we are impatient to hear him, my remarks will be very brief.

Mr. Ferguson having devoted his whole life since early manhood to the service of his native Province, it is most fitting that, now on the eve of his departure from Canada, this Club should manifest its appreciation of the public spirit which has impelled him to lay aside the high office of Prime Minister of Ontario in order to take upon himself the serious task of serving his country in these troublous times in London, the heart of the British Empire. (Applause.) Mr. Ferguson is an Ontario man, born and bred amongst us. His whole life gives evidence of his love for his native Province. That may account for his deciding to be born in Ontario. (Laughter.) But however that be, beyond reasonable doubt, his deep interest in the welfare of Canada and the rest of the Empire explains two outstanding features of his life; one being that of a quarter of a century of unselfish public service, and the other his impending sacrifice of all personal considerations in order to serve his country in the Motherland.

Throughout a long and strenuous public career his has been a masterful mind. In him are united the capacity, energy and strength necessary in order to manage men, and it has been said—with what truth I do not know—that he has ever possessed the art of so taming his opponents, whether in his Cabinet or in the House, that they actually relished feeding out of his hand. (Laughter.) His legislative record has not been colourless, and many of his public measures have encountered criticism. No one can materially improve the order of things without offending the views of many. We cannot have omelettes without breaking eggs. Gentlemen, the public are inclined to expect perfect governments—an idle dream. My study of public men has led me to the conclusion that as a rule they are, according to their light, true to their trust. Doubtless many exercise unsound judgment; no one, except a natural born critic, is always wise. But there is a vast difference between a mistake of judgment and a dishonest purpose. It is not in the public interest that without good and sufficient justification the purity of the acts of public men should be challenged. A man's honour is one of his most precious possessions. If he does wrong condemn him for his wrong-doing, but not otherwise. Unfair treatment of public men deters many a capable and honourable man—one who values his fair name—from a public service which is liable to put his good name in jeopardy. (Hear, Hear.) Without expressing any opinion as to the merits or demerits of Mr. Ferguson's public acts, I confidently believe that in his public career his guiding star has ever been the promotion of the public welfare. (Applause.)

It is said that although a woman may know that she is loved, still she likes her lover to tell her so. And so it is also with men who are supposed to be made of sterner stuff. Mr. Ferguson knows that he enjoys a liberal measure of public esteem and respect, but, nevertheless, I think I am reading his heart aright when I express the view that it gladdens him to be told by this representative body of his fellow-citizens that his integrity of purpose, his public spirit, his unselfish ambition to promote the best interests of Canada command their unqualified confidence. (Loud applause.) When I contemplate the separation of Mr. and Mrs. Ferguson from their native home,—Sweet, Sweet Home,—I cannot but picture to myself what a wrench it must be to them. Here are all the precious things of their lives; their interests, their relatives, their companions, their friends, priceless treasures. Here are the scenes of their childhood and their maturer years. All these precious life associations to be left behind, to become mere memories. What a sacrifice! In a few days they will be sailing away from Canada. In imagination I see them now, hand in hand upon the ship's deck, watching the shore as it gradually recedes from their view, with tears that will not be denied upon their cheeks; and when the last glimpse of Canada has faded away, I see them turn to each other and in spirit exchange the thought that as Canada has been, so it will ever remain in their hearts, their own beloved home. (Applause.) My imagination also tells me that there will be this further consideration in their minds: "We are leaving home in response to "the call of duty, but no lotus fruit of other lands shall "make us forget our Homeland, or cease longing to "return to it. So long as we are absent Canada will "be a magnet ever attracting us homeward, and our "happiest moment will be when, the task now at hand "completed, we shall again stand on a vessel's deck, "homeward bound."

In bidding Mr. and Mrs. Ferguson farewell we would assure them that it is with mournful pride we speed them on their broader and more Imperial way. We are confident that in them the noblest and truest of our Canadian life will be held high in the exalted theatre where they will live and toil, and that both Canada and the Motherland will be enriched by their labours in Old England.

In the name of all here assembled I assure them that we shall follow their career Overseas with deep and unwearied interest, and shall ever long for the happy day when we may welcome them back to our beloved Canada. (Loud applause.)

HON. MR. FERGUSON was received with loud cheers, the audience rising. After expressions of regret at the absence through illness of his personal friend, President Stapells, and the difficulty of speaking in view of the deep feelings that had been stirred by the generous introduction of his always affectionate friend, Sir William Mulock, and his deep appreciation of this great gathering of busy men expressing by their presence their good-will and good wishes, he said: I came here with the idea that I might discuss with you—perhaps for the last time for a year, at any rate—(Laughter.)—some phases of public activity and public problems that seem to me to be uppermost in the mind of every Britisher at the present moment. Recently I have been looking up some history of the Empire Club since its inception in 1903, and I have observed two things that suggested to me a line of thought that I might appropriately discuss with you.

In the first place, that great genius of Canadian development and imperial expansion, the late Lord Strathcona, was your first Honorary President. In the next place the purpose of the Club is set forth in its early minutes in these words—"The advancing of the interests of Canada and a united Empire." So that you see from the birth of your organization your purpose has been to promote the unity of the various sections of the great British Empire; and the challenge comes to us, is it still worth while to struggle for the maintenance and the unity of this Empire? I take it that you are all convinced that it is worth while, and that you are conversant with the reasons that make it worth while. (Applause.)

History teaches us very clearly that the policy of the British people, their spirit and their character, have shaped lines of activity and developments that have made for the advantage and good of their own people. Standards of living, of culture, of industry, of enterprise, of pioneer undertakings such as the world has never known are the fruit of the joint efforts of British lands throughout the centuries. Is it not worth while to preserve for the people of the British Empire themselves the organization that makes possible such conditions and such standards?

I make no apology for my imperial views. I am firmly convinced that nowhere in the world are there people of the character and genius of the British people—(Hear, hear)—and it would be an irreparable loss should they fail in their efforts to conserve their identity and their national existence as a great civilizing force. If it is a good thing for the British people, has it not been a good thing for the world at large? Has civilization itself not benefitted tremendously by the ideas, the ideals, and the leadership that have come from those British Isles? And can we not find the inspiration, if not the foundation, of every phase of life worth mentioning coming from the British people? Industry, agriculture, finance, the arts, the cultural side of life, and the development of manly character, the spirit of freedom and justice, have ever been alive amongst the British people, and have extended their influence and their inspiration to other nations throughout civilization.

From my study of history and my almost casual contacts with British peoples, my investigation of their methods, their type, their ambitions, I am firmly convinced that it is not only desirable but essential to the safeguarding of all liberty and the spirit of justice and freedom throughout the whole world that Britain should hold a dominating place in the shaping of the world's course and the strengthening of the fibre of civilization itself among the nations of the world. (Applause.)

The question naturally follows, how is this to be brought about? Here is a great aggregation of a quarter of the world's population scattered over all parts of the globe; how are we to bring to bear the joint influence of the people who have been trained under such conditions, who are inspired by such ideals? Can there be any other way than by unifying their purposes and their aims by joint co-operation in their efforts? Must they not be brought closer together so that all the great forces that make for the good of man shall be consolidated into a unifying force that will have a striking power and an influence that will be irresistible throughout the whole world?

That is my belief of what the British Empire must be; and while it is an Herculean task because of the great variety of conditions, distances, races, religions, and types of people, I believe it can be achieved if we are to judge from the record of the accomplishments of this great people.

We in Canada have to some extent set an example. Let us recall our conditions seventy or eighty years ago, when we had distinct units, aggregations of people scattered and isolated, with authority to pass laws largely by themselves; with separate customs regulations entitling them to obstruct the free flow of commerce from one to the other; even with a distinct type of coinage in many Provinces, and the right to have distinct postal regulations; separated in almost every sense, because in those days Nova Scotia was for Nova Scotia first, last and always. The Western Canada man would have nothing to do with the Quebec man. We had all the complicational difficulty of difference in civil law between Lower and Upper Canada. We had racial difficulties to overcome, complex languages—almost all those factors existing in Canada in miniature as they exist in the British Empire to-day. Then in the matter of distance, Eastern Canada was 3,000 miles from the west of Canada, British Columbia was not a mile further from the Atlantic boundary of Canada than the Atlantic boundary of Canada is from the British Islands to-day. Yet, while for a time there was strife with Macdonald, Cartier, Mowat and Brown, when those men realized that persistence in their differences meant inevitable disintegration of the Canadian people, they had a high enough conception of their public duty to come together, waive those differences, and agree upon the Union on a common basis. (Applause.) They realized that sentiment alone is not sufficient to hold the people together, and they found that the Atlantic and Pacific had to be bound together by lines of steel, by possibilities of communication and intercourse, by trade for the development of commerce; and the nation undertook tremendous burdens to bring about a closer unity, to make it possible to consolidate these great scattered peoples into one unit, one Dominion of Canada.

It is true that there is still a variety of conditions here, and we in these great central sections of Canada have to recognize that the Maritime Provinces, for instance, are a long distance from the central market here, and are entitled to favorable consideration in the way of transportation and other matters. We have to recognize that the extreme Western people must be given a fair opportunity, a fair chance with the rest of us in their economic situation. Only the other day you saw that the Prime Minister had said that the new Hudson Bay Railway should have favorable treatment as far as freight rates are concerned, in order to put those people on a reasonably equal basis and give them a fair opportunity with the rest of their fellow-citizens. Such have been the conditions in Canada, and they have been overcome by the genius, the public spirit, the courage, the ability of the men whom we were fortunate enough to have in public life in all phases of politics at the time that the movement was undertaken.

Can there be a more striking illustration of the advantages of consolidation and co-operative effort than was to be found in the great conflict of 1914-18? Men from every part of the Empire, men of all colors and races, sprang to the call; for what purpose? Was it merely to preserve the political entity of those little Islands in the North Sea? Was it only that we thought we were going to save Canada for Canadians? Was there not a greater ideal and deeper purpose that inspired every man who shouldered a rifle, and every woman who made a contribution? Was it not that we were going to preserve this great force, not only for our own benefit but for that of the world at large? (Applause.) There, again, I say we saw the tremendous advantage of co-operation, of unification of effort, of common purpose.

One has even a further example in the more recent Indian Conference now taking place in London, when men of all shades of politics—Socialist, Conservative and Liberal—are represented, all waiving their political differences in the hope that by friendly discussion they may bring about a condition of affairs satisfactory to the Indian people, and that they may be able to maintain those 320,000,000 people as a part of the British Empire, to help strengthen her position and extend her opportunities. The records are full of examples of the desirability and success of co-operation and the waiving of petty differences and national animosity.

I said that the Empire cannot live on sentiment alone. It is true that the Crown forms the keystone of the great arch of Empire which adorns the world to-day; but the arch must rest upon a solid foundation if the keystone is to serve its purpose. The buttresses must be such that the buffeting of the waves of competition and even the storms of national jealousy shall not disintegrate the adhesive factors that hold them together, shall not undermine and destroy the pillars upon which the arch stands and into which the keystone locks those pillars.

It has been said by more than one man that mere sentiment under conditions of this kind is not enough; and may I be permitted to give you one or two quotations from men whose study, whose life-history and position will, I am sure, commend their opinions to you?

Rt. Hon. Joseph Chamberlain said, many years ago: "No doubt the burden of this great Empire is tremendous, and the responsibilities and the obligations which fall upon us are greater than those which have weighed upon any other nation in the history of the world. It is true, as was so well said by the poet, that 'the weary Titan staggers under the too vast orb of his fate'. But, if we face our obligations, if we perform our duties well and faithfully, the honour and the credit will be proportioned to the sacrifices that we may make; while the abandonment of these duties would be as fatal to our material prosperity as it would be discreditable to our national character and our honour." (Applause.)

At a later stage Rt. Hon. W. M. Hughes (Australia) said very bluntly: " 'Where the treasure is, there is the heart also.' Along with migration, the best way to ensure the unity of the Empire is to develop inter-Imperial trade. A family of nations whose members, while speaking kindly of one another, do the bulk of their trade with foreign countries, is in a fair way to disunion. The revolt of the American Colonies proved conclusively that sentiment alone would not hold peoples together, even though they came of the same stock and spoke the same language."

Lord Melchett, who passed away within the last few weeks, said in 1928: "I am the last man to underestimate the strength of the ties of sentiment and good-will, but they will not keep the Empire together without an economic complex of some kind." And only last summer he said: "Certain parts of the Empire in their preferential agreements treat some parts of the Empire more favourably than they treat other parts, because of reciprocal advantages which they have obtained, and there is no reason why the United Kingdom should not do the same. All that I seek now is that the people of this country should accord to some future Government freedom to take the steps necessary to make the Empire a real economic unit."

No, Mr. Chairman, the Empire cannot live on sentiment alone. There is—and we cannot forget it—the sentimental side. There are the pride and affection and loyalty to the Sovereign Power—and I tell you we are fortunate in this Empire to-day in the character of the man who wears the crown—(Applause)—a man of broad sympathy, of wide knowledge, of marvellous public-spirited and sympathetic interest in his peoples all over the British Empire, who takes an active personal interest in the management of public affairs, who can by no means be said to be a figure-head, but a willing servant of his people. That is the King George of to-day. (Renewed applause.) But there is more......and it touches myself and this new field I am about to enter. I know little, practically nothing, of the specific functions of Canada House. I have no doubt that its purpose is to promote trade in a larger way not only with the British Islands but with every part of the Empire; and its further purpose is to develop increased intercourse and opportunities of knowing one another. I fancy it will be part of my duty to make an effort to interest British capital in Canadian opportunities, because I am convinced that to a large extent the lack of greater investment on the part of British capitalists in this country is due to a want of accurate knowledge of the conditions and opportunities in Canada. I fancy it will be part of the problem of the High Commissioner to reveal to the British investor, what the business men of Canada have in store for him; to tell him something of the wide expanses of territory pregnant with material wealth, the open spaces everywhere waiting the application of the hand of man and the investment of capital.

One marvellous thing in favor of Canada at present is that the old day of steam-power has passed away. The energy that drives industry, makes comfortable the home and transports products to-day, is produced from water power, and we in Canada have been munificently blessed by a kind Providence in inheriting the tremendous —I was going to say almost unlimited—resources in the way of water power. If these things are made known to the British people, to the men interested in business enterprise and industry, and we can induce them to come and see for themselves rather than read books and look at movies, perhaps one will be able to do something to help bring about closer co-operation and a more consolidated effort between these two sections of the Empire. That, I take it, will be one of the duties I will be called upon to perform. And I think that not only should one endeavor to secure branch industries and British houses, but also warehouses in this country for great British enterprises so that Canadians could study their products, and they could study our markets. Perhaps these are small matters, but in a cumulative way they will tend to bring us closer together and promote the purposes we have in mind.

I think we shall all admit that there has been more profitable intercourse between our people and the British people in the last ten years than in the whole history of this country. The great gatherings that come here—The Metallurgical Society, The Chambers of Commerce ,etc., bring men of affairs, of influence, of wealth, and of business as well as those of culture, and these men have been telling to the Britisher a new story of Canada. In my observations over there I was led to marvel at the change in the situation within the last five years—the keener interest, wider knowledge, desire for information, that exist to a much greater degree than a few years ago.

I fancy that one of the things I will have to encourage, when the time comes properly to do it, is the migration of British people, of British stock, to this country—(Applause)—because I am firmly convinced that the vigor and vitality of our life requires fresh infusions of the right type of Old Country people. (Applause.) The present moment is not favorable for this movement, but it gives the opportunity to lay plans and shape policies, so that when the time does come, we can have well-selected immigrants located in different sections of Canada where they will find the best opportunities. Careful selection and location of new people should be the basis of any immigration efforts. (Applause.)

I am told in some places that my future position is an obscure one, that the Canadian High Commissioner is never heard of in London. Well, I am not concerned about that. (Laughter) I am not going for the sake of the position. I am going because it has been impressed upon me that there is a possibility that my services might be of some value. I am giving up the contacts with the tens of thousands of people in the Province of Ontario, in every walk of life and of every shade of politics, religion and race, who have kindly and generously shown to me their good-will and good wishes; and after all, gentlemen, the most valued possession one has in life is the friends he makes. (Applause.) I quite realize what it all means, and it is more of a wrench than I can express to you in words. It is the sort of thing one feels without being able to make it understood by others. Yet I think this to be our duty not only to Canada as such, but to Canada as a part of this great political organization which we believe is essential to the welfare of humanity; and every little cog and every little pin has a place and a use in this great machine, this great organization; and I may be the most obscure pin or rivet or a bit of rust in the whole thing—(Laughter)—yet I can assure you, that, keeping my ideals always in mind, the office will have the best of whatever ability I may have, and the best of my energies and efforts. (Applause.)

I went to church yesterday—(Laughter and applause)—Sir William was not there—(Laughter)—and I heard my friend Dr. Cody preach, as he always does, a marvellous sermon; and one of the things he said—it may have been a quotation from somebody else—(Laughter)—was this:—"When you have difficult problems to face, pray not that your task may be easier, but that you may be given added strength to overcome the difficulties". (Applause.) May I suggest to you that in the work which I am facing at the present moment I need not only your good-will and your good wishes, but your devout prayers that I may have the strength and the wisdom to perform the duties efficiently and well. (Loud applause, long continued.)

The Chairman then presented the guest with a silver writing set from the Empire Club.

HON. MR. FERGUSON: MR. Chairman, I appreciate this tangible evidence of good-will on the part of the Empire Club. It is quite evident that you intend that I should write home. (Laughter) I will do it, and I can assure you that I will not, in all the years of my life, forget the constant courtesy and generous encouragement I have had at the hands of your organization. (Loud applause.)

THE APPLE CART AND THE BRITISH EMPIRE

AN ADDRESS BY MR. MAURICE COLBOURNE

15th January, 1931

LIEUT.-COL. GEORGE A. DREW, Vice-President was in the chair. He introduced Mr. Maurice Colbourne who said:—Please allow me to say at the outset, on behalf of Mr. Barry Jones and myself that in coming back to Canada and to Toronto, and in coming to be guests of honour before the Empire Club, we are in a very real and personal sense, coming back home. (Applause.) I understand that when the title of the present talk was suggested and approved, one dissenting member of your Committee said, "Why 'The Apple Cart and the British Empire' when a better title would be, 'The Apple Cart, the British Empire and the Encyclopedia Brittanica?'" (Laughter.) So I feel that at any rate one person present is in sympathy with the task which I have the pleasure of performing to-day, although it is an easier task than that which you kindly set me last year, when we spoke just of Bernard Shaw and the British Empire.

As to that talk of last year I have in mind a matter of pride and a matter of apology. The matter of pride is that we were not so far off the lines in concluding that Bernard Shaw was, after all, fit to live, because since that time he has actually been offered a title. He has refused it because he did not think it would sit well on his shoulders, and he wants his works to go down to posterity under the name by which they are known to the generation of today. When a reporter saw Mr. Shaw and suggested that His Majesty the King was going to offer him a title and make him a Lord Somebody, to keep company with his friend Lord Passfield, Shaw replied, "Well, I have not heard anything about it yet, but I tell you what I will do; if I can think of a title that is more famous than Bernard Shaw I will give the matter my serious consideration". (Laughter.)

My apology with reference to last year's speech is a most heartfelt one. When we were deciding it was because Bernard Shaw was not an Englishman that he was permitted to live in London and dictate how the Empire should live—on the same lines that we English allowed anybody except an Englishman to come and be our Prime Minister—I gave a long list of Prime Ministers who were not Englishmen, and I omitted to mention that grand man, the late Right Honourable Andrew Bonar Law. (Applause.) In your annual volume I was careful to insert that as a footnote.

I think the first thing that struck me about "The Apple Cart" was the extreme topicality of the play. So topical is it that on its first production King Magnus, the hero, was instantly identified with Marshall Pilsudski of Poland. Then, on the 21st of last October there appeared in the world's newspapers a dispatch from Spain saying, in effect, that certain speeches made by King Alphonso had caused a sensation throughout the country. His remark to the Engineers—that it does not matter very much whether there is a republic or a monarchy in Spain, because the essential thing is to work for the good of the country—was interpreted as a warning that the monarch will not submit to a Republican onslaught without putting up a vigorous fight in defense of the Crown. Those of you who have read or seen "The Apple Cart" will at once recognize that that is an integral part of its plot—King Magnus precipitates the dramatic crisis by making just such a speech. Then, passing over the recent affairs in Italy and the Hitler elections in Germany, both of which can be interpreted in the light of "The Apple

Cart," we come nearer home to one of the other parts of the Empire, and find that during the recent "schimmozzle", as I may call it, over the appointment of the Australian Governor General we have an absolute identification with part of "The Apple Cart's" plot. It was to me an intense delight that the announcement of Lord Willingdon's appointment as Viceroy was couched in terms which were different from those used to announce the appointment of the Governor General of Australia, and we can say, "God speed Lord Willingdon, and God be with him". (Applause.)

Prof. William Lyon Phelps, of Yale University, a month ago wrote that during the past year he had had the pleasure of meeting in person two of the greatest men in the world, Mr. Edison and Mr. Shaw, and he found the same thing characteristic of both of them, namely, a constant forward-looking, and letting the past take care of itself. He said that Edison was as interested in his future experiments on rubber as though he were a child with a long life before him, whilst Bernard Shaw talked about nothing but what was actually happening now or would happen in the future; he never mentioned the past. In fact, Bernard Shaw in his own words said that "The Apple Cart," the action of which takes place around the year 2000, "is a warning to those who still dream the old dreams."

I think it would be interesting if we summarized very quickly the kind of future which the British Empire faces, according to Bernard Shaw and "The Apple Cart." The play has it that in the centre of the Empire, in England, there is still a Cabinet, and there are still women in the Cabinet, showing an increase in the female population of the Cabinet of the year 2000 of 100% over the female population of that Cabinet to-day; in other words, there are two women in the Cabinet of "The Apple Cart" (Laughter). Private enterprise is still going strong, and England contains the best-paid proletariat in the world.

The England of that day has taken the example of the late Lord Birkenhead to heart. You will remember how a few years before his death he deserted the woolsack for the city board-room, and his example was so successful that in the year 2000 you find nobody going into politics who thinks he can do better for himself by going into business. Of course I do not know whether that holds good to-day or not, but if so, it is aggravated and intensified in the year 1990 or 2000. Last, and certainly not least, the English parlor-maid has taken to winning all the prizes in the International beauty competitions (Laughter). And there are certain differences in the architectural features the country of which Ely Cathedral perhaps will stand as an example. The American Ambassador tells King Magnus that he was "brought up in the shade of Ely Cathedral, the removal of which from the County of Cambridge to New Jersey was one of the great achievements of my grandfather." (Laughter.)

The League of Nations Navy—I am still dealing with the play—patrols the oceans and the seas, and there has been a certain amount of change in the geographical nomenclature—France and Germany, for instance. The Ambassador says in reply to King Magnus—"Oh, I suppose you mean, by Germany, the chain of more or less Soviet Republics between the Ural Mountains and the North Sea; and France, by which I take it you mean the Government at New Timgad, is too busy in Africa to fuss about what is happening at the end of your little Channel Tube; so long as Paris is full of Americans, and Americans are full of money, all's well in the west from the French point of view." (Laughter.)

Then the Throne is there, and on it there sits a king and his consort, and the British Empire is still going strong. It is going so strong that the United States of America feel impelled to tear up the Declaration of Independence, and want to re-join the British Empire. (Laughter and Applause). This is a proposal which does not meet with the unqualified approval of King Magnus, and which arouses the wrath of the Powermistress-General; and then, Bernard Shaw—who has castigated England for nearly half a century—proceeds at last to castigate the United States. Indeed one of the most Shavian remarks in the play is that of this British-born and British-bred Powermistress-General, who says, "What they call an American is only a wop pretending to be a Pilgrim Father". (Laughter.)

I must say that during my recent tour in the United States, its length and breadth, north and south, where I came across "The Apple Cart" frequently, I felt bound to take off my hat to the sense of humor which prompted audiences first of all to gasp for a second on hearing that line; then to break out into uncontrollable laughter; and at the end of perhaps fifteen seconds, fifty per cent. of the audience would applaud with their hands, and from one to one and a half per cent. would emit a gentle hiss. (Laughter.)

The only thing to do with Bernard Shaw when he makes a remark like that, is, after all, to grin and bear it; and though I speak as a member of a community which has learned to grin and bear it for nearly half a century, we must allow Bernard Shaw his critical faculty, and allow him to indulge his fancy in the way that suits him best. One of the typical little instances of this is the way he dealt with English education one day when he had consented to speak for an hour before a meeting on the subject—"What is wrong with English Education?" On his way to the meeting he had an accident, and when he arrived there was only a quarter of an hour left. The audience had been waiting for three-quarters of an hour. Bernard Shaw, full of apology rushed on to the platform and said how sorry he was that he had met with the accident, and exclaimed, "I am afraid there is only time to tell you what is right with English Education". (Laughter).

Your Chairman has been so kind as to mention Barry Jones and me with reference to our production of "The

Apple Cart," and perhaps I should be discourteous if I did not reply to his very kind welcome and to his remarks. I think the way in which our production will differ both from the English and American is in this respect. The English production boasted an actor English-born to play the English King; the American production boasted a very fine actor, American-born, to play the English King. Now, I think we shall not only go one better than the American production, but that we shall go one better than the English production, too, because we have somebody to play the King who boasts that he is not an Englishman, but a Guernseyman, and who boasts further that Guernsey is the only country which, with the help of William the Conquerer in 1066, conquered England (Laughter); I refer, of course, to Barry Jones, with whom, himself consenting, we are going to put into a uniform—which was not done in the American production. I think that is right, speaking Shavianly, because there is almost a new political party in the year 2000, called Ritualists, and it is in that connection we feel that mankind in the next generation or two will realize more and more the importance of uniform, (especially if there is no war between then and now to remind us of that importance), and how a uniform can infuse a corporate spirit into the people who wear it. Perhaps that is one of the reasons why great bodies of men like the Shriners, let us say, like to put on uniforms—because uniforms do inculcate that corporate spirit, and make you feel, more than you would in your ordinary day clothes, that you are members one of another.

Another thing we hope to have is an overture specially composed for "The Apple Cart;" an overture written in Canada, and I hope in Toronto. Sir Edward Elgar offered to write the overture; he and Bernard Shaw are great friends, and Bernard Shaw wrote back that he was delighted and honoured, and his only fear was that it would be such a glorious thing that it might possibly upset "The Apple Cart." (Laughter.)

One of the interesting things about the play is that there is no war mentioned in it. There is no reference to any war which took place between the year 1931 and the year 2000. That, to me, is a tremendously significant thing, and with your permission I do not think it is out of place that I should call attention to the subject of war in general in this year 1931 when we are speaking of the British Empire. I imagine that in some of our bones we are still ashamed of the shambles which were created only so few years ago, and I believe Shaw thinks that we shall still be so ashamed of them in 2000 that he has refrained from breaking out into the fever of war between now and then. One phrase of the author of "All Quiet on the Western Front" has stuck in my mind; he coined and popularized the phrase, "The Lost Generation"—by which we can presume he meant anyone who in 1914 was between the ages of say fifteen and thirty-five. There are myriads of members of that generation still walking the earth to-day. We talk about the cruelty and suffering of war, and all that side of it, yet as we all know and feel, there is something in the military march that stirs the blood nobly; there is something glorious and noble in war, because war does evoke the qualities of heroism and courage and self-sacrifice. In 1887, the year of the Queen's Jubilee, a poem was written which reads as follows:—

From Clee to heaven the beacon burns,
The Shires have seen it plain,
From north to south the sign returns
And beacons burn again.

Look left, look right, the hills are bright,
The dales are bright between—
Because 'tis fifty years tonight
That God has saved the Queen.

Now, when the flame they watch not towers
Above the soil they trod,
Lads, we'll remember friends of ours
Who shared the work with God.

To skies that knit their heart strings right,
To fields that bred them brave,
The saviours come not home tonight;
Themselves they could not save.

It dawns in Asia, tombstones show,
And Shropshire names are read,
And the Nile spills its overflow
Beside the Severn's dead.

We pledge in peace, by farm and town,
The Queen they served in war—
And fire the beacons up and down
The land they perished for.

God save the Queen, we living sing,
From height to height 'tis heard,
And with the rest your voices ring,
Lads of the Fifty-third.

Oh God will save her, fear you not,
Be you the men you've been—
Get you the sons your fathers got
And God will save the Queen.

There is—we cannot deny it, and we do not want to deny it—something that war does evoke, which is a glorious and a noble thing; and I think our problem to-day is not to harp upon the cruelty and sufferings and barbarity of war, but to try to find something else, some substitute which will in peace-time evoke those very qualities of heroism, of courage, and self-sacrifice. (Hear, hear, and applause.)

On such a sombre note it seems curious perhaps to return to Bernard Shaw. But he is such a wonderful pillar, and in returning to him I will quote, from one of his works, this splendid paragraph:

> "This is the true joy of life; the being used for a purpose recognized by yourself as a mighty one; the being thoroughly worn out before you are thrown on the scrapheap; the being a force of nature, instead of a feverish little clod of ailments and grievances, complaining that the world will not make you happy. I must take myself as I am, and get what work I can out of myself. For I tell you that as long as I can conceive something better than myself I cannot be easy unless I am striving to bring it into existence or clearing the way for it. That is the law of my life......"

But it is so dull to wage this kind of war, unrecognized, without even the glamour of a uniform to encourage one, and then to die unsung. But then, Bernard Shaw is a very brave and persistent man.

You may wonder what, if any, special revelation there is of Bernard Shaw himself in "The Apple Cart." I think it was Mr. Shaw's secretary who confided to Barry Jones this summer, when Bernard Shaw was out of the room—"You know, 'The Apple Cart' is full of little tiny quips that are jokes between Mrs. Shaw and myself. For instance the King sends all his love-letters unread straight to the Queen because he thinks they would amuse her"—and the Secretary did something to the expression of her face by which Mr. Jones felt that even in that trivial reference there was a small piece of autobiography. (Laughter). I also understood that the secretary, although her instructions are to open all his letters, knows which letters to leave unopened for Mr. Shaw himself to open. (Laughter). But I think the greatest things that strike one in "The Apple Cart," from an autobiographical point of view, are the good manners of the King, and therefore of Bernard Shaw. For instance, the King says:—"Oh, no, I never fight. But I sometimes win".

Secondly, there is an example of the tactful way in which the King does—and therefore the way in which

Bernard Shaw would—control the Cabinet, and I think it is intensely autobiographical, because one of the Cabinet accuses the King of jesting, just as the world is still accussing Shaw of jesting and of not being serious. The King says, "If you may use your thunderbolts, may I not carry my little pop-gun of the Veto, and strut up and down with it for a little?" One of the Cabinet says, "This is not a subject for jesting," and the King quickly answers, "I am not jesting, Mr. Nicobar; I am trying to discuss our differences in a good-humored manner; do you want me to lose my temper and make scenes?"

The third instance is the way in which the King refuses to allow his favourite to persuade him to drown his Queen, or desert her, or shoot her, or divorce her. He will have none of them, and the less he listens to these disgraceful proposals the more infuriated his charming favourite becomes, until the King has to put his foot down, and he does so in the following words:

> "Do not let us fall into the common mistake of expecting to become one flesh and one spirit. Every star has its own orbit; and between it and its nearest neighbour there is not only a powerful attraction but an infinite distance. When the attraction becomes stronger than the distance the two do not embrace; they clash together in ruin. We also have our orbits, and must keep an infinite distance between us to avoid a disastrous collision. Keeping our distance is the whole secret of good manners, and without good manners human society is intolerable and impossible."

Having delivered this charming speech the King says, comfortably, "How nice I feel!" We should all feel nice when we are unwillingly pursued by a lady who has no business whatever to pursue—herself being a married woman and we being married too—if instead of telling her, as we probably would, to go to blazes we could say something like that. (Laughter.)

So I come to what I may call my peroration, and I feel that this is in keeping both with "The Apple Cart," which is after all a play of the future of the British Empire, and the Empire itself; and I would say this: If uniforms of war ill befit us in these scarred and struggling times, we can yet wear the badge of our Empire in our hearts, and fight for King and Country in peace as in war. In its essentials I believe that fight to be one for an ideal and a system of justice; I believe that our ideal and our system differ from those of other lands, and that our fight will be to keep out the social evils of thuggery, racketeering, and graft, which have no lot or part in our ideal or system of justice but which, once in, spread as fast as the most virulent disease and are far harder to eradicate.

Likewise I believe there is more freedom in our Empire than in the Republic across the way. I speak advisedly after thirteen weeks tour there; and I feel I can say this freely because they themselves are talking and thinking of little other than lawlessness and freedom. They seem to rest content with the word such as freedom or liberty rather than to wish to translate it into their lives. But the justice and the freedom we have is not an imposed thing. It is a grown thing, a pliant, humane and gentle thing, the fruit of centuries of experience. And that experience, amid a continual seeming mess of makeshifts, compromises and muddles, began, and still continues, in a small island which, geographically speaking, Ontario could support on its lap. It bears a dear name—

"This royal throne of Kings, this sceptr'd isle,
This earth of majesty, this seat of Mars,
This other Eden, demi-paradise,
This fortress built by Nature for herself
Against infection and the hand of war;
This happy breed of men, this little world,
This precious stone set in a silver sea,
This blessed plot, this earth, this realm, this England.

Well, things have changed since the days of Richard II and Shakespeare. The monarchy is a constitutional one; the seat of Mars sounds more like an insult to some Balkan state; and now that men fly, England is more likely to be a target than a fortress. But to my mind Shakespeare's words are real, none the less, because there is such a things as the reality of the past. It is a reality that lives in our blood, in the blood of the race, in the blood of all of us here. And we carry away all that glorious past with us; we regard it not as a burden but as a ballast, as we stand on the bridge of the ship of State facing the unknown and the uncharted future.

Now, in the chartroom of that ship a man called Bernard Shaw has installed himself without a by-your-leave, or without signing on. Shall we treat him as a stowaway? Shall we put him in irons, or let him bide? Many will say, "Oh, let him bide, because after all he is only a poor mad crazy fellow who spends his time in piling up apples in an apple cart and balancing them dexterously on the top of his nose." I think we can take up that challenge of madness and say, "Well, if Bernard Shaw is mad, what about our world to day?" If it is a question of madness, I would say with Saint Joan and Bernard Shaw, "Very well, we want a few mad people now, because look where the sane ones have brought us!" (Loud applause.)

The Chairman voiced the thanks of the Club to the speaker.

DOMINION UNEMPLOYMENT RELIEF

An Address by HON. G. D. ROBERTSON, P.C., LL.D., Dominion Minister of Labour.

29th January, 1931

President Stapells introduced the speaker who said:—The warmth of your welcome, together with the honour done by members of the Ontario Cabinet in coming out in the midst of a busy season, and the protecting care of General Draper, whom I see present, inspires me to assume that I may at least speak freely (Laughter). But in the exercise of free speech I promise that I shall not trespass beyond the bounds of the law. When my wife asked me a few days ago why I was coming to Toronto I said, "I am going up there, because I can say just what I like." (Laughter.) I am glad to have this opportunity of discussing with you and with those who are listening to me over the air, some of the questions that are rather uppermost in the public mind during these days.

Industrial and business activities are perhaps not at their zenith. It is encouraging to feel that an honest effort has been and is being made to minimize the distress of our people who are not at present fully employed in industrial activities, and that considerable results are already apparent, showing that the policies followed are bearing fruit. (Hear, hear.) I noticed in the press this morning that the Rt. Hon. gentleman who speaks for His Majesty's Loyal Opposition expresses the view that conditions are worse than ever. I remember that it was only about a year ago that the same gentleman indicated there was no unemployment in Canada; therefore I regard the utterance reported to come from him now quite as accurate as the one he made a year ago. It is true that unemployment has not been eliminated in Canada. I believe it is true that no thinking man in Canada ever expected that it would be eliminated in the space of a few short months; but I believe, likewise, that every thinking man admits that an honest and earnest effort has been made to try to relieve the trouble, and that there is an endeavor to get at the basic causes and try to avoid a repetition of what we have been passing through. (Applause.)

When the present Prime Minister travelled throughout Canada early last year and realized the significance of the approaching situation, which was bad enough then and growing worse, he determined on a practical remedy if the people desired it. They apparently did, and steps were taken forthwith to convene Parliament. The matter was promptly dealt with by Parliament, and within four days of prorogation the plans laid down and the regulations governing the administration and operation of the unemployment relief measures were adopted, and promptly put into effect. A very great deal of detail work was necessary; gentlemen from every province in Canada came to Ottawa and promptly accepted the basic principles which the federal government felt were necessary to lay down, in order that this work might be carried into effect in a manner fair to all concerned.

It has long been recognized that the care of unemployed people or of people in distress was primarily the responsibility of the community in which they live, that is, the municipality in whose jurisdiction they reside; and if a municipality is unable to provide relief, the assistance of the province is sought; but never has it been recognized by any federal government that a constitutional obligation rested upon them to deal with this subject. Therefore, in order not to impose upon the jurisdiction of the municipality or province, the authority of the federal government was secured, and Parliament permitted a substantial sum of money to be placed at the government's disposal for the purpose of assisting municipalities and provinces to discharge their respective duties to the citizens and residents within their respective jurisdictions.

With this basic principle in mind, it was decided that unemployment relief should be distributed as equitably and as widely as possible, but only where there was need for it; and so the work has gone on. I shall not give you a detailed account of the results, and the provision made thus far, except to say that up to this time public works have been approved to be carried on cooperatively by municipalities and provinces, with the aid of the federal government, in 1087 municipalities in Canada. Provincial undertakings are being carried on cooperatively with the provinces to the number of 267, and there are between 150,000 and 175,000 men working to-day who would be unemployed were it not for this cooperative plan. (Applause). When any gentleman, be he Rt. Honourable or otherwise, publicly states that the situation is worse than it was a year ago, I do not propose to differ with him, but suggest that he realize what conditions would have been like if nothing had been done. I think perhaps that is the best way to answer any criticism that the federal government's activities have been useless. However, it is natural that during periods of depression such as we have been experiencing for a year and a half, the public mind should be somewhat disturbed, particularly the minds of thousands of men who are unemployed or living in daily fear of being unemployed.

I think the efforts that have been put forth to stem that tide of fear have brought hope and renewed confidence to many a man and his dependents during the past few months, and that as winter is passing and we come into springtime, we shall be better off in the main than was the case a year ago. We would be substantially better off if there had been no problems to solve other than to improve the situation in our own country. But in the country to the south of us there are said to be roughly 5,000,000 unemployed men to-day and it has been held that their situation is worse than our own; it is certainly true that nearly a million Canadians who crossed the border within the last ten years have found themselves recently being compelled to give way to native citizens in the matter of employment opportunities—to which, in my opinion, we can make no objection—and so have been coming back to Canada in substantial numbers. They hoped that, by reason of the activities that were being undertaken in Canada, they might secure employment here. The effect of that general policy is that we have had a large immigration of our own Canadian-born people at a time when we had unemployment difficulties. Therefore I feel we need not be discouraged if some gentleman rises up and says the situation has not improved. I say that it has improved; between 150,000 and 200,000 of our people have work in Canada to-day who would not have had, but for the government's policy.

Now I touch upon a delicate subject. During the past year and a half unrest has been growing in the minds of many people, especially those who are unemployed, or are living in fear of losing the jobs they have. It is inevitable that they should feel distressed and concerned. Ten years ago, when we had a somewhat similar situation, that condition of mind in our people, particularly those unemployed, was fertile soil in which to sow the seeds, first of discontent and then open opposition to our existing systems, both political and social. So it is not surprising that unrest should have recurred; but I assure you, from some knowledge of the situation the country over, that there is no cause to be unduly concerned about it. So large a proportion of our Canadian people have a substantial financial interest in property or securities, that they will not follow a phantom, and accept the propaganda which is being spread abroad by those who have no stake, or comparatively none, in this country, and no interest to serve except their theories; we need have no fear of those theories prevailing. It might be interesting to say a word or two more in detail on this subject. On the 19th of December last I had occasion to make the following observations when the subject of the increase of Communism in Canada was under review. I said:—

> "So large a proportion of the Canadian people have a direct monetary interest as property and security owners, representing the savings of their own toil, that they will not be easily swayed or controlled by Communistic doctrines, and are ready in the protection of their own interests, as well as the preservation of their belief in our present political and social systems, to protect them. It is most important, however, that the closest cooperation and sympathy should exist between what Communists describe as the 'capitalistic interests', and the workmen who are primarily dependent upon employment opportunities whereby they may maintain themselves and their dependents in keeping pace with Canadian standards of living. There should be a constant, earnest effort on the part of both of these indispensable partners in our national industrial life to maintain existing standards of working conditions and wages, because the prosperity of the country necessarily largely depends upon the purchasing power of the common people."

Shortly after that, a letter was written to me from a far-away part of this Dominion, on the Pacific Coast, by a gentleman who signed himself as the Secretary of the Economic Freedom League (Canada). Now, that is a rather splendid-sounding name—(laughter)—and it might represent almost anything. However, it was written on official paper and had a list of the names of the Directors of the Economic Freedom League printed thereon. I will read one sentence which is typical of several more that the letter contains:—

> "You and your Colleagues of the Government are deliberately, for a price and for your own personal ends, betraying the interests of Canada and all Canadians."

Now, it so occurs that I did not believe that—(laughter)—and I did not believe that two of the gentlemen, whom I knew personally and who are shown as Directors of that Economic League, ever subscribed to any such statement as this, and so I wrote to those two gentlemen, both of whom were members of Parliament in the House of Commons, and in sending them a copy of the Secretary's letter I said:—

> "I notice further that the letterhead bears a motto apparently calling for 'Responsible Government', and that your name appears on the letterhead as one of the Directors of this League. The communication is a somewhat unusual though interesting one, and at the outset refers to a matter that is cited from me through the press on December 19th....I am quite sure that many of the statements in the communication are equally unfounded, and would call your particular attention to the following"———

Those are the words which I have just quoted. I added that as the writer of the letter was the Secretary of their League, I would refrain from replying until I knew whether or not they agreed with the words expressed.

These two gentlemen live a considerable distance apart in Western Canada, but apparently they met in a Western city very promptly with respect to my communication, and sent me the following telegram. Referring to Crafter, the name of the Secretary, they say:—

> "Regard Crafter 'non compus mentis.' Liberty League entirely his own creation, never existed except on letterheads, and was repudiated by us years ago."

Both the members of Parliament signed the telegram. I mention that incident, gentlemen, purely for the purpose of indicating to you my belief that we do not need to get excited about a lot of this kind of material that is in circulation, and to which some of our public press has given encouragement. I think the Canadian people are too sanguine to pay attention to it. The officials in our large municipalities, such as the city of Toronto, having detailed information concerning these matters, deserve the people's confidence and support. I trust that the discussions that have recently occurred may not recur, and that some gentlemen who feel that they are better informed than their fellows, and may be enjoying the title of "Professors", even in the universities—(laughter)—may realize that there are two sides to the story, and that they had better not take too seriously the trash that is being spread about to make people believe that a grave state of affairs exists. (Hear, hear, and applause.)

Now may I say a word or two looking into the future a little? Unemployment is a reality. Human distress that results from unemployment is always a reality. It cannot be cured by theoretical observations. It requires personal study, a great amount of research, and practical means whereby it may first be minimized and possibly ultimately controlled. A number of influential people and powerful business men both in this country and in the United States now strongly believe and advocate that during periods such as these there ought to be not only cooperation between employers and employees as in normal times, but that available employment opportunities should be spread as widely as possible among the men who are entitled to them. (Hear, hear.) Many institutions to-day are doing that; some institutions and employers are being severely criticized by the propaganda to which I referred, which in effect says to the Canadian people, whether they be employers or unemployed, "Whatever any government or any employer does is wrong". I wonder how they expect to delude the Canadian people into believing that these ills can be remedied when they offer nothing constructive in place of criticism. (Applause.)

I believe that there are many large employers who feel that, by mutual consent, organized labour and organized employers should agree that every man who has a job, and can earn six days' pay a week, ought to be satisfied with it during these days, and give to the man who has no job an opportunity to share with his more fortunate fellow. In my opinion there is nothing that would obliterate Communism more quickly in Canada than the exemplification of this spirit. (Applause.) I realize that there are many labour men who will disagree with some of the things that I have said to-day. That has happened before. My friend, Rt. Hon. Mr. Meighen, was in the thick of the controversy, as I was, and knows that it is difficult to please everyone; but I feel that the experiences and actions of those days were adequately justified, and that if it should ever occur that irresponsible men decline to respect the law, they must accept the responsibility, and not endeavor to shift it upon those in authority.

I trust, gentlemen, the unemployment situation will continue to improve. A few days ago I received a communication asking what proportion of the federal government's appropriation for the relief of unemployment had been expended, and what provision we expected to make for the continuance of this assistance. My answer is that the federal government's appropriation as voted by Parliament was not $20,000,000, but that $64,000,000 worth of employment opportunities are already authorized, and not more than 25 per cent. of them have been completed; that the works already authorized will carry on and employ a larger number of men than have been employed up to the present, because some of the larger works are only starting; that the allocation of the major portion of the federal government's allotment toward the relief of unemployment has been made, but the money has not been spent, and that the completion of those governmental or cooperative undertakings between the municipality, the province and the federal authority, will go on in the winter, with increasing relief to the Canadian people. Parliament will be in session long before there can be any need for further appropriations; but I do not anticipate this need.

There is some indication and no little criticism to the effect that all this relief was for industrial work, and nothing for the farmer. That is quite incorrect; for example, take the province of Saskatchewan, which was probably more severely hit than any other, by reason of drought conditions; we made special provision with the Saskatchewan Government for that situation, and $860,000 was spent in work provided for the farmers in the dried-out area, which comprised roughly 125,000 people. The accounts from Saskatchewan came in the other day, showing that over 9,000 farmers in that province had participated in the benefits of the work provided; that 3,000 teams of horses had been used; that the federal government's portion of the cost was $424,000; and that of the $860,000 odd, all but $40,000 went into wages; 9,000 farmers in that area were permitted to earn roughly $100 each to provide them with what in some districts we term "grub stake," to help them through the winter. They were helped just as well as the industrial workers. I could mention a great deal of work now going on from which the farmers have benefitted fully as much as anyone else, because it was the policy of the federal government and the desire of Parliament that everyone in need should be treated alike.

I thank the Empire Club for having given me the opportunity to deal with this matter, and to give some information that may be helpful. At the same time I want to leave this message of hope, that in my opinion there is no country which has better opportunities and prospects than the Dominion of Canada; we need not fear any of those scare headlines that are being thrown out, or propaganda and red-hot speeches emanating from irresponsible persons throughout various parts of Canada. We should realize and trust the character of the Canadian people, and believe, as I do, that they will not make any mistake. Having an eye on the future prosperity of this country, believing that it has a better chance of rapid development than almost any other country on earth, all we need to do is to have faith in our institutions.

Governments deserve your confidence, and you should give it to them, because I think that men in public life probably meet with discouragements quite in excess of those that come to men in other positions. When the Rt. Hon. R. B. Bennett and others give their time, almost entirely without compensation, to make an honest effort to serve Canada, they should not be addressed in words such as I read a few moments ago—that they are deliberately and for a price betraying Canada and the Canadian people.

I thank you sincerely for this opportunity. I expect that at the opening of the coming business season we will find Canada happier and more prosperous, and one of the first countries to recover from the business depression that is world-wide at present. (Loud applause.)

The Rt. Hon. Mr. Meighen voiced the thanks of the Club for the informative and inspiring address.

NEW MARKETS IN THE ORIENT

AN ADDRESS BY JOHN M. IMRIE, MANAGING DIRECTOR OF THE EDMONTON JOURNAL.

5th February, 1931

PRESIDENT STAPELLS introduced the speaker.

MR. IMRIE was received with applause, and said:—When the members of the Trade Delegation of the Canadian Chamber of Commerce to Japan, China and Hong Kong returned to Canada several weeks ago, they entered upon a new and important phase of their work. The first phase—in the Orient—had been the expression of the goodwill and friendliness of Canada's business interests, the study of trade conditions and requirements, the establishing of personal contacts, and the enlargement of that basis of understanding that is a prerequisite to continuing and expanding trade. On our return to Canada we entered upon a corollary work of interpreting the transpacific countries to our own citizens. Therefore I am very happy in having the privilege of speaking to the Empire Club, and I thank you for the kind invitation that has made this possible. I must, however, dissociate myself from the reputation that has been given to me in the notice calling this meeting. I do not pose as an authority on the Orient, and have not had the privilege of participating in any of the international conferences of the Institute of Pacific Relations.

Before dealing specifically with the impressions that our delegation brought back from the Orient may I submit a concrete proposal, with respect to the marketing of Canada's livestock and dairy products? This proposal had its genesis in the knowledge I acquired in the Orient of the intricacies of export markets. It is stating the obvious to remind you that the farmers of Western Canada are to-day facing new and serious problems, in part the result of Russia's five-year program and the world surplus of wheat. None of those problems are insoluble, but they call for intensified study by experts in marketing and agriculture, and for new and intensive sales methods. May I submit that they call for a new confidence on the part of the individual farmer—confidence, first, that the new path they are being urged to take is the right path, and secondly confidence that at the end of that path, and along its course, they will find markets for the new type of products which they are being urged to produce. Mr. E. W. Beatty's recent proposal of an Agricultural Credits Corporation had a large secondary value in that it offered assurance to farmers of Western Canada that the outstanding transportation and business interests were prepared to stand behind them financially, should they diversify their products. Corresponding economic and psychological elements are necessary, I believe, in relation to the marketing of the products of mixed farming.

Not only in Canada, but in several other countries, are farmers being urged to reduce wheat acreage and turn to the raising of livestock, and to dairying. Thus we have in prospect a large increase in livestock and secondary products, and intensive international competition in their sale. Under these circumstances it is of paramount importance that every effort be made to ensure adequate markets for the new products of Canada's diversified farming. Therefore I suggest, as I did ten days ago to the National Executive of the Canadian Chambers of Commerce, that a Farm Products Marketing Commission be organized as an essential corollary of the Agricultural Credits Corporation proposed by Mr. Beatty. This Commission should be purely advisory. Its functions would be to coordinate production and marketing, and it would endeavor to secure the largest possible proportion of the domestic market in livestock and secondary products for Canadian farmers. Outside Canada the commission would endeavour to extend existing markets, to find new markets, to study the peculiar requirements of each, and to spread that information amongst Canadian farmers. This would not be a selling body; rather it would cooperate with and seek to stimulate existing marketing channels. On that basis it should be possible to secure the active assistance of the Federal Department of Trade and Commerce, and the Government Trade Commissioner Service; also of related mercantile and trade firms and individuals, as well as of the farmers themselves. The Commission would become a vital organism in promoting that intelligent cooperation and friendship upon which sound marketing and export trade must be based.

Now let me pass to other impressions that are more definitely related to my subject. Japan, China and Hong Kong were wonderfully kind to the Trade Delegation that visited them last fall representing the Canadian Chambers of Commerce. Their central governments, their municipalities, their chambers of commerce and their people were lavish in their hospitality. Some 46 public functions, mostly banquets and luncheons, were tendered in our honor, and those attending included the most highly placed in the public and business life of the community. Thus we were able to establish personal contacts of a influential and far-reaching character, which were augmented by contacts established at business conferences of one or another of the nine sub-committees into which our delegation of twenty was divided. Thus we had exceptional opportunities for observing and analysing conditions. Yet I do not feel that twenty-two days in Japan, and twelve or thirteen days in China are adequate as a basis for final conclusion. I have brought back certain impressions, each of which I shall hold subject to revision in the light of a re-visit, and further study. One of the impressions is how little we in Canada know of trans-pacific countries. Our delegation had prepared itself by advance reading, and yet each of us was obliged to revise our previous conceptions in view of conditions as we found them. A second impression is in part a corollary of the first; it is that Canada has much to learn from Japan and China. Japan has a recorded history that antidates that of Canada by more than 1,000 years, and a further background of tradition. Back of that again she has the culture and philosophy imported from China,—— which country has a recorded history extending over the past 4,000 years. Our delegation was profoundly impressed by the evidence of their culture and traditions. Japanese hospitality is carried to a point that we have not even approximated in Canada or the United States. The Japanese have developed an artistry that we might well emulate, and have established a mental poise that should be the envy of the average Canadian. In China there is an abundance of ethical and philisophical culture.

Another lasting impression had its inspiration in the emphasis placed, in both China and Japan, upon understanding and friendship as a prerequisite of permanent trade relations. This was illustrated in an address which the acting Prime Minister of Japan made at a farewell dinner to our party early in December last. Let me read a few sentences:—"Friendship is a greater thing than trade. Without it the springs of trade will be frozen. Trade can thrive only in a genial atmosphere of good feeling, and friendship rests on knowledge." A similar attitude was reflected in two successive boycotts which China maintained against Great Britain and Japan respectively. Chinese, and chiefly because there was a feeling that the basis of friendship had been temporarily disturbed. These were conducted at large monetary cost to the

From that standpoint I would suggest that every present and future relationship between Canada and Japan and China respectively be studied carefully with a view to the removal of anything that might stand in the way of friendship and understanding. I would suggest particularly a revision of the existing immigration regulations insofar as they apply to three preferred classes of Chinese, from the standpoint of temporary residence. I refer to students, to bona fide merchants, and to tourists. If there is any basis for the examples given to us of the operation of present regulations, then it is apparent that we have not considered Chinese psychology, which emphasizes the element of "face" or prestige, in framing and operating our immigration regulations. Emphatic, and in some case vitriolic reference to these regulations was made at 12 of the 14 functions in our honor in China, and, clearly, those representations were inspired by the Nanking Government.

Canada's exports to Japan, China and Hong Kong are already substantial. They have increased from a pre-war five-year average of $2,500,000 to an average over the five years ending 1929 of $55,000,000. In one of those last five years they reached a peak of $70,000,000. From the trade standpoint, I feel that Japan and China should be considered as quite separate and distinct units. with due regard to their individual, and in many senses quite different, natural resources, stages of development, psychologies and aspirations. It is a mistake to group those two countries in the broad term "Orient". With respect to trade prospects in Japan our delegation brought back two main impressions. Japan proper has a population of 63,000,000. It has doubled in the last sixty years, and is increasing today at the rate of more than a million per year. Yet the total area of Japan proper is but a little more than one-half of that of my own province, Alberta, in which we have one percent of Japan's population. Only 17 or 18 percent of the area of Japan proper is arable land, but that is being cultivated with a physical energy that is quite unknown on this Continent and approached in only one or two European countries. But the total population is divided about equally between urban and rural, and the rural portion is located upon small farm units averaging only three acres. Notwithstanding the intense physical effort and liberal use of fertilizer, the combined production of those farms is inadequate for the needs of both rural and urban populations, and therefore Japan is a substantial importer of foodstuffs, and must become increasingly so as her urban population increases. Japan's rapid growth in population, coupled with the initiative and resourcefulness of her people, has led that country into an unparelleled industrial development which has increased her dependence upon other countries. Thus Japan must import 100 per cent of her requirements in nickel, cobalt and asbestos, 50 per cent of her requirements in lead and zinc, and substantial amounts of various other minerals. Japan has a large deficiency in forest products. She is endeavoring to meet that deficiency through afforestration and reforestration on a tremendous scale. Entire mountainsides have been utilized for this work. Meanwhile Japan is dependent upon other countries for classes of timber that are not indigenous, and for other classes which can be imported at lower cost than through the utilization of her own isolated reserves.

From these few remarks you will realize that Japan is almost an ideal complement of Canada insofar as three of Canada's primary industries are concerned. Thus, during the fiscal year of 1929 Canada was able to sell to Japan more than $22,000,000 worth of wheat and other foodstuffs; $10,000,000 worth of minerals; and $7,000,000 worth of forest products. Our delegation foresees a gradual increase in Canadian exports in these three main items—(Applause)—that increase depending in part upon the much needed improvement of economic conditions in Japan, and in part upon the further conversion of her people to the use of wheat. With respect to fully processed commodities the outlook is quite different. Japan, in view of her varied industrial development, and comparatively low manufacturing costs, does not present a large opportunity for the sale of fully-fabricated goods. There is, and will continue to be, a market for a limited quantity of these, but I certainly would not advise any Canadian manufacturer to make a large expenditure in promoting a new line there, without careful study of the nature and the character of local competition.

With respect to China we have two main impressions also. The first of these is that China, already eighth among Canada's exporting nations, is a potential market for a much larger volume and variety of Canadian goods, both primary and fabricated. But—and there is a very large "but" here—the development of that potential market is directly dependent upon the stabilization of China's political and economic conditions, upon extension of railways and highways, and upon the resultant enlargement of the purchasing power of her people. China's imports in the fiscal year of 1928 approached a billion dollars—$956,000,000. On a per capita basis that is only $2.40 as compared with Japan's imports of $16 per capita in the same year. Canada's exports to China increased from $3,000,000 in 1922 to $24,000,000 in 1928. Let us visualize some of the physical conditions of China from the standpoint of trading opportunities. Picture, first, a country larger in area than the United States, deeper but not quite so broad, having only one ocean front, and having on three sides long stretches of high mountains and desert areas tending to keep her from contact with other nations. Picture her population, estimated at from 400,000,000 to 475,000,000, with an illiteracy up to 90 per cent. Her railway mileage is a small fraction of what we have in Canada, largely scattered along the ocean front, excepting a line running east and west through Manchuria. One province, for instance, of 72,000,000 people has not a single mile of railway. There is a comparative absence of telegraphic and telephonic communications except close to the Pacific. Picture the gradations in types and the many dialects in that vast country. With that composite picture, and a knowledge that there is no national magazine or newspaper press, you will have some conception of the difficulty of creating national spirit and unity. I should also include her family life and long traditions associated therewith. I mention all this, in order to help you understand why China has not yet set her national house in order. Many observers are highly critical because a Chinese revolution that commenced in 1911, having as its objective representative government, has not achieved its purpose. But recall that it is only in recent years—less than a century ago—that China had her first willing contacts with the outside world. Until that time she was a hermit nation. Then her people became interested in the systems of government and customs of other civilizations, and finally in 1911 the revolution under Dr. Sun Yat Sen commenced. In the light of later events, many think that revolution started too soon. Dr. Sun Yat Sen forecast three distinct phases—first, a period of military force and conquering power; second, a period of political tutelage and discipline; and finally a period of representative government. The first period is not yet over; it has taken longer than Sun Yat Sen anticipated, partly due to the conditions that I have mentioned militating against the rapid development of national spirit and unity, and partly to the fact that other revolutions were taking place concurrently. It has been said that China is in the throes of a revolution that is at least five-fold—educational, social, physical, economic, and political. In Great Britain and other countries several centuries transpired before the shock of so great a change was overcome. In China they are accentuated by their concurrence, by the physical conditions, by the avarice and ambition of a number of individuals, and, recently, by the sharp decline in the comparative value of silver.

I have no time to take you over the field of political developments and ambitions, and I am not qualified to do so; but the prevalent picture of China, in which all is confusion and fighting, is inaccurate. Side by side with the more spectacular developments, economic and other changes of a definitely constructive character are taking place. I could cite changes of this nature which are positively astounding, about which little is known in other countries. Therefore, I choose to regard the changes of the past two decades in China not as signs of chaos and disintegration, but rather as symbols of growth and progress, the forerunners of a great transformation. The Oriental conception of time is quite different from ours. A few decades—in the life of a nation that has recorded history for over 4,000 years—are considered a necessary prelude to the economic and political development that is envisioned by her people.

Certain conferences were in session in Nanking during our visit in China, and many highly placed Chinese told me that these conferences provided a better prospect for peace than anything that had developed since the revolution; a significant feature was the presence, for the first time, of the young Marshal of Manchuria and the prospect of cooperation between Manchuria and Nanking.

Faith in China led our delegation to include that country in our itinerary, and we have returned with an enlargement of that faith, but with a realization of the country's difficulties.

Now I will refer more specifically to the transpacific market for Canada's wheat. One of our nine sub-committees was related directly to wheat and other foodstuffs, and met Japanese and Chinese importers in nine different cities. Six concrete suggestions for the enlargement of Canada's wheat exports were submitted to us, and on our return were conveyed to those in a position to use them if satisfied as to their soundness. We foresee a substantial enlargement in our exports of wheat to both Japan and China. This enlargement is dependent upon economic recovery, change in food habits and tastes, and improvement in the exchange both in China and Australia. In Australia a situation has developed which enables that country to sell to China at a figure that appears much lower than Canadian quotations, but which, if the funds are payable in the United States, represents an increase. These conditions must change, and when they do change we may see a substantial increase in trade. I deprecate very much some of the recent high-sounding estimates of immediate sales of wheat to China which are liable to arouse false hopes. I refer particularly to one fantastic story of a 100,000,000 bushel order likely to result from Hon. Mr. Marler's recent visit.

One last impression that is related more to Canada than to the Orient: every member of our party returned to Canada with a new pride in our country and its citizenship. This does not mean that we made invidious comparisons with countries which were most hospitable hosts. My point is simply this—we saw in Japan what a population of 63,000,000 had been able to accomplish in a short time, notwithstanding serious deficiencies in natural resources, and there came to us a new vision of Canada's future. From that standpoint, our stretch of 3,000 miles from Pacific to Atlantic, our broad areas of fertile lands, our wealth in forest resources, our almost untouched mineral storehouses, our basis for a broad diversification in manufacturing—all these assumed a new significance, for we saw them not in relation to a population of 10,000,000, but in relation to a future population several times that number, even of 63,000,000. The thought-provoking and self-analytical mood that follows upon return from a foreign country made us re-appraise our national objectives in education and culture, our standards of law, order and justice, and our civil and religious liberty. Therefore, arriving at Vancouver, our thoughts bridged the Pacific, and we envisioned Japan and China on one side, and Canada on the other, each conscious of its own destiny, and each aided by exports across the Pacific that will include not merely tangible commodities such as wheat and lumber, silk and tea, but also those great intangibles of the spirit—good-will, friendship, ideals and inspirations. (Loud and long continued applause.)

Hon. N. W. Rowell, in voicing the hearty thanks of the Club for the instructive address, said that the review of conditions in China and Japan could not be surpassed, and that his own observations in those countries would lead him to agree with everything that had been said. (Applause.)

WILD ANIMAL LIFE IN THE BRITISH EMPIRE

AN ADDRESS BY SIR CHARLES DELME-RADCLIFFE, K.C.M.G., C.B., C.V.O., ETC.

12th February, 1931

PRESIDENT STAPELLS was in the chair; he introduced SIR CHARLES, who spoke as follows: I have been asked to speak to-day by the Society for the Preservation of the Fauna of the Empire, of which the Prince of Wales is Patron, and Lord Onslow is President. The Society has sent me a number of slides, which I will show you. In the short time that I have spent in Canada I have learned many gratifying things. The National Parks Department of Canada and the Canadian Forestry Association have done wonderful work in the direction of the preservation of wild life, which is not known abroad. In Quebec I was told, at a lecture given under the auspices of the Literary and Historical Society of Canada—the oldest learned society in the British Empire outside England—that valuable work has been done there by the Society, encouraged by the Hon. Frank Carrel.

I have here a remarkable paper, published in the Empire Review of 1911, by Col. William Wood on the subject of an Animal Sanctuary in Labrador, which I think should be reprinted with the subsequent official statement. I also have a little pamphlet of the Provencher Society of Quebec, a society for the protection of birds, which contains beautiful colored illustrations. This also should be broadcast all over Canada. We hope that there will be a coordination of these societies and others to work with us for the preservation of the Fauna of our Empire. The English speaking people have long been noted for their consideration of domestic animals; they have led the way in the civilized world as regards humane treatment of all animals associated with mankind, either as servants or pets. This spirit has now been incorporated in the legislation of most Western countries, and the ethics which govern behaviour in the relations of man with dumb creatures no longer depend on the law, but have become ingrained in the minds of all decent people. There are hosts of quite ordinary men today who would be provoked to anger if they saw a horse ill-treated, and who would, without hesitation, risk their lives to save a dog from death. It is not generally known that over two million souls annually visit the London Zoo. This is indisputable evidence of wide-spread interest in wild life, although it is to be feared that few of those who visit the Zoo realize the increasing dangers which beset these animals in their natural haunts, and it is feared that many who would undergo sacrifice to prevent ill-treatment of a domestic animal may read an account of indiscriminate slaughter of wild animals, under conditions of unspeakable cruelty, with no more than a passing qualm. An old proverb runs "What the eye does not see the heart does not grieve for"; this may, or may not, be the reason, but the fact remains that experience has shown the difficulty of stirring public imagination regarding the fate of creatures of the wild. Only the verdict of the people can decide whether wild life is to be annihilated during the present age or conserved for the benefit of future generations. If the only comment invited by a description of ruthless slaughter is "What a pity", wild life will disappear. Something more is needed—a wide-spread determination that it must be saved, and I am here to make suggestions as to how you can help. Let me first explain the situation as it is in various parts of the world.

During the last twenty-five years the economic development of the British Empire overseas has made great strides. Our countrymen are now making their homes in countries which our fathers had barely heard of. Since the war these activities have increased, and material and political progress is everywhere evident. All this is in accordance with the colonising instinct of our race, and the supply of raw materials resulting from this penetration is essential to our manufacturers, and for our food supply. The development of distant regions has, therefore, brought into being a set of conditions which must be faced without delay. "The pioneer stage" is invariably a period of great danger to wild life. During this stage incredible herds of Bison became annihilated in North America. In South Africa the great assemblages of wild life described by early travellers have been swept away, and one can travel for hundreds of miles in country practically uninhabited, without seeing a single wild creature. In 1899, as I was travelling toward Uganda, crossing the plain between the river Athi and Nairobi, I witnessed a great migration of various animals which could have been counted literally by millions—so dense that a shot could not be fired in any direction without hitting several. That was a sight such as will never be seen again in this history of the world.

Farther North in Africa, matters are not quite so acute and the reasons are easily seen. First, the area is vast and the pioneers fewer. Second, in the early days, soon after any government was instituted in those regions, the Fauna Protection Society induced the home government to promulgate Game Laws and to set aside certain areas as sanctuaries. This example was copied by the Germans and in what is now Tanganyika Territory a number of sanctuaries were created. These have been of great service, but, to-day, they are not very safe. Any sanctuary can be cancelled by an order of the local government and, periodically, pressure is exercised by colonists to abolish such reserves in order that the land may be thrown open to settlement. In fact, one colony is reluctant to declare any sanctuary, in case the area so dedicated might be required for colonization in the future. This shows by what a slender thread the future of the wild life hangs and how necessary it is for the public opinion to exercise its weight. The Game Ordinances have proved of service in controlling reckless slaughter, but only where the local government has appointed a special officer and staff. This has been done in Kenya, Uganda, Tanganyika and Nyasa, and the expenditure has been fully justified. In fact, the revenue derived from the game in these colonies far exceeds the expenditure. Where active colonization is in progress the situation is aggravated by the depredations of wild animals. Human efforts directed towards the production of crops is the fundamental basis of our existence. In our African possessions this is recognized by the local Game Departments and, where the agriculturists are unable to deal with ravages of wild animals unaided, it is the function of the local government to come to their assistance. The larger beasts can do great damage. In Uganda, elephants often destroy native cultivation, herds of zebra chased by lions will crash through fences, and antelopes will invade fields of maize. In most places more damage is done by baboons and pigs. Native gardens, consisting of isolated patches surrounded by bush, are attacked by baboons in the daytime and by pigs at night. These species are not protected by law, but they are difficult to deal with; as their meat is not considered edible, the natives do not make many efforts to reduce the menace, which could be remedied by closer settlement, and clearing of the bush.

None of the difficulties of the situation must be suppressed or ignored. A defeatist type of mind maintains that nothing effective can be done, and that the wild life has to disappear before the advance of civilization. Such people fall back on the premises that the natural course is for wild life to be decimated to the point of extinction; only when that moment arrives will the people of the country become stirred and take steps to save the remaining wild life. The sequence of events in America, Canada and South Africa is an historic example. The very truth of this makes it all the more specious and thus very dangerous. The larger mammals must be pushed back from the immediate vicinity of planted crops, but in all our dominions and colonies where large assemblages of wild life still exist, there are extensive areas where settlement is next to impossible. These territories are so vast that there is ample room for both economic development and assemblages of wild life. No dominion or colony now exists in which the main routes of railway development and the areas suitable for settlement are not known. Further, the areas in native occupation and those available for future extension are well defined. There is, therefore, no reason to postpone the settlement of this matter, for a satisfactory solution will become increasingly difficult, and in some countries impossible. Areas suitable for national parks will then be found to be completely isolated, and will provide potential foci for unscrupulous poachers and skin dealers, and are likely to be impossible to control by any Game Department. We urge public opinion to support us in demanding, therefore, that this question may be faced immediately. As years go by colonial residents will come to cherish the assemblages of wild life in a sanctuary, and to realize their value as a public asset. To promote the growth of this spirit those responsible for the care of these sanctuaries must give the public easy access to these areas. Roads and rest houses must be provided; some control over the movements of the public will be necessary, but it need not be burdensome. If this policy is initiated the public will soon grow to value parks, in which wild life abounds, as national assets, and will keep alive the interest in wild life. Apart from the pleasure which accrues from visits to well-stocked sanctuaries, there are many signs in some colonies of a growing interest in the conservation of wild life, and efforts are being made to stimulate this spirit. Its growth, however, is slow, and irreparable damage may be done before humanitarianism becomes dominant in any overseas territory. Everywhere there exist groups of individuals whose one idea is to avoid continuous work, who look upon poaching and illicit trading in ivory and trophies as an adventurous occupation. The advent of the motor has facilitated the operations of these gentry and rendered their control more difficult.

Every country where wild life exists to any extent has its own problems, and everywhere there is a powerful section of opinion adverse to wild life. In Malaya, for instance, we meet with resentment on the part of the rubber planters against depredations by deer, and the antagonism to wild life is astonishingly acute. Poaching by native races is also a menace and in some areas a serious one. The advent of the Pax Britannica has facilitated movement, and natives can now roam with safety for greater distances from their homes, and communal drives, similar to those so graphically described by Dr. Livingstone, have been far too common in parts of Africa. On one occasion, in the Nile Province of which I was in charge, the natives got up a drive of elephants, and in one day killed over 200 by surrounding them with a ring of fire. All the elephants were burned or speared to death, and the result was a fearful gorge on the part of the natives. The danger is not confined to Africa. In India the increase of firearms among the peasants has been the means of reducing the stock of wild life to an unbelievable extent. In Assam and Malaya rare species such as the Asiatic rhinoceros have practically vanished. European sportsmen come and go, a few shoot excessively, the majority do not, but the native is always there, and he never discriminates; female and immature beasts are all the same to him, the life of the animals has no meaning, its rarity has no significance, it is only so much "meat". As regards posterity, the sentiment resembles that expressed by a gentleman who was reproached for having killed animals too freely, and told that he ought to think of posterity, but he replied, "What the Hell has posterity ever done for me?"

Some well disposed persons at home plead for disregard of native hunting, on various grounds. Some urge that the natives have a right to kill because they did so before the advent of Western control. Others urge that it is wrong to check the native races on the ground that they are normally ill-nurtured and the slaughter of wild animals is their only means of obtaining a supply of protein to supplement a cereal diet. We cannot, however, admit that any native has a prescriptive right to kill as he likes; we take the standpoint that the wild life is the property of the State just as much as the forests or mineral deposits, and should be administered by the State. With regard to the importance of a modicum of meat; doubtless large numbers of natives are indifferently nourished, but we maintain that a periodic gorge of meat, much of which is, by the time it reaches the recipient, in a state of semi-decomposition, can be no solution of mal-nutrition. Rise in social progress is the prescription; instruction as to how better results can be obtained from the soil. As success on these lines is attained, so mal-nutrition will recede.

Another factor which complicates the situation in parts of Africa is the occurence of the tsetse flies. These flies carry a microscopic organism called a trypanosome which is communicated to cattle causing a deadly disease called "nagana"; certain species of the fly carry a special variety of trypanosome which produces "sleeping sickness" in man. It will, therefore, be realized that the tsetses are more dangerous than the house fly which is so often the agent for the spread of typhoid. In the course of ages, the antelope, buffalo, etc., have developed an immunity to this deadly organism. The tsetses mainly depend on a supply of blood, and in a tsetse-infested country these insects follow the herds of wild animals and feed on them. In consequence the cattle owners claim that wild game spreads the tsetse. A few years ago an experiment was tried in Tanganyika Territory; a considerable area was, as far as possible, cleared of wild life, and the tsetses, deprived of the food usually supplied by game, concentrated on the natives living in the area; within a few months an epidemic of sleeping sickness appeared, and several hundred people died. In S. Rhodesia a double line of fencing was erected on the edge of the settled area with a space of a mile between the fences. All wild life between the fences was driven out or killed, but even this scheme failed to protect the farms. The question of dealing with the tsetse menace is proving more difficult than was ever suspected. In Tanganyika some success has been attained by systematic clearing and burning, but this requires the services of large numbers of men, and when an area has been cleared it is essential to keep it cleared by intensive cultivation. Teams of scientific workers are now studying various aspects of the problem, and it is hoped that something concrete will emerge. It has, however, been demonstrated that the solution will not come from blind measures of wild life destruction.

Before I close I will refer to an aspect of this question of wild life preservation which is somewhat contentious. There is a rising wave of humanitarian sentiment with which one cannot fail to have sympathy. One manifestation is definite antagonism to what is known by the horrible term "blood sports", which may be interpreted as meaning any sport which entails the shedding of blood. It is a difficult question, and depends on the conditions prevailing in each country. In closely settled countries like the British Isles, fox-hunting has been recognized as a commendable sport. For centuries it has done much for the development of the horse, has had a beneficial effect on human character, and has perpetuated the fox. It is now becoming an expensive pastime and is probably doomed, and five years after it ceases there will not be a fox left in Britain. The same will probably apply to deer-stalking; declare it to be illegal and, except in a national park, the red deer in Britain will disappear. In Africa, India, and other places only partially occupied, the greater mammals must be kept under control by man, or they will drive him from the field. In these countries regulated shooting will have to be permitted. There is no sign of public disapproval, and such feeling is unlikely to appear. As long as the Governments of these territories maintain adequate sanctuaries where wild life can live undisturbed, and if shooting outside the sanctuaries is strictly controlled, little harm would appear to result. Further, as the wild life is a source of revenue to a number of our colonies, there is reason to believe that the local governments will not allow such an asset to be destroyed.

The advent of cinema-photography is welcomed, for it is undoubtedly weaning many travellers from the rifle, and recent examples have shown that it is comparatively easy for an intelligent amateur to obtain first-class results. This is to the good, for the people who photograph wild life will add to the force of public opinion against wanton destruction. I may remind you that the Prince of Wales is a real sportsman, both in spirit and deed. (Applause.) On his last trip in Africa he did more photographing than shooting. In fact, on two or three occasions he was taken up to elephants for the purpose of shooting them, but he laid down his rifle, and photographed instead.

While sympathising deeply with any movement which will check slaughter, one must not lose sight of the relationships which exist in a natural assemblage of wild life; man is by no means the only enemy animals have to contend with. It is a thrilling experience to camp at night in a region where a profusion of game exists, and to hear troops of terrified creatures galloping to and fro, the thud of their hoofs being punctuated by the coughing grunt of lions. It is pathetic to see the banks of a river strewn with numerous carcasses of beautiful animals stricken down by an epidemic. Nature's own methods are not pleasant. In 1898 when first I went up country in Africa it happened that a terrible epidemic, the "Rinderpest", destroyed all the buffalo in the country. On each side of the road, in all directions, I saw skeletons of buffaloes, but not a living buffalo until I reached the banks of the Upper Nile, near Soudokoro, 200 miles north of Lake Victoria Nyanza. This is no argument why man should devote his skill to the destruction of wild life, and what has been said demonstrates, I think, the necessity for the construction of a definite policy in all the countries concerned, one which will take account of all the difficulties and which must be arrived at by the consent of those whose real interests are involved. If it is delayed, many species will disappear within the next decade and once a species goes, it can never be replaced. Many will ask how they can help. You can help by adding to the mass of public opinion which is represented by the Society for the Preservation of the Fauna of the Empire. This Society studies the problems as they arise in various countries and takes such measures as it considers applicable. It is directed by a Committee of wide experience, who realize the difficulties which arise from the development work being carried on by man. It has correspondents all over the world and is thus in touch with facts. It has many achievements to its credit and it has laboured untiringly for twenty-five years for the attainment of a reasonable "modus vivendi" by which wild life will be spared in each region and man's legitimate efforts will not be impeded. The Society has now about 800 members, but it needs 8,000 in order to carry out all there is to do. May I ask you to come and help in this good work? (Loud applause.)

Brigadier-General Mitchell voiced the thanks of the Club to the speaker for his interesting address.

THE FIVE YEAR PLAN–RUSSIA'S CHALLENGE TO CAPITALISM

AN ADDRESS BY RABBI BARNETT R. BRICKNER.

19th February, 1931

PRESIDENT STAPELLS introduced RABBI BRICKNER, who was received with loud applause and said: I wish to express my genuine pleasure in returning to the Empire Club, under whose auspices I made my first public address in Canada on December 9th, 1925—a date which I will never forget, because on my way to the hall I was handed a telegram announcing the birth of my first child. (Applause). I heartily appreciate the presence and applause of such a large gathering. Applause partakes of a religious character; that which is given to a speaker on rising is an indication of faith; as the speaker continues his remarks, applause might be an indication of hope (laughter); and when he finishes and sits down, applause is an indication of charity (laughter); and I wish to remind you that of all these cardinal virtues, charity is the greatest. (Renewed laughter).

The attitude of the world toward Russia today can best be illustrated by a story told in Warsaw when two of my people met there. The older one had left Russia when the Bolsheviki came in, while the other had just come out. The elder one asked what had been happening in Russia since he had left, and his friend illustrated by raising his left hand, with open palm, saying that in Russia before the Bolsheviki arrived, the Czar occupied the place of the thumb, which was on top; then the fingers in turn represented the position of the Czar's corps, the military and the church, while the little finger, pointing down to the ground, showed the position of the people.

When the Bolsheviki came into power the hand was turned over, and at the top where the Czar had been, the people were at present; the thumb, pointing down, now showed where the Czar and his group were, down where the people used to be. The elder man looked puzzled for a few minutes at the awkwardly turned hand of his friend, and then said, "Tell me, my friend, how long do you think a fellow can keep his hand turned upside down like that?" (Great laughter). That question we are all asking—how long can it last? It has lasted some thirteen years, and from all indications it seems to be going very strong.

I am tempted to tell you another story of my people that I heard in Russia. There are more book shops there than food shops, because there is not enough food to go around, and the people compensate by reading all the propaganda, for there does not seem to be any pure literature or art; all is propaganda for the Government and the Communist Party. My people are in a very peculiar position in Russia—caught up between the upper and the nether millstone—and they must be very circumspect about what they say and how they say it, for the most of them are regarded with suspicion. Up to very recently, when I was there, about half of my people were regarded as déclassé and had no rights. While there are over 5,000,000 déclassé people among a population of 146,000,000, and only 3,000,000 of my people, close to one and a half million of my people are déclassé. One of my people went into a bookshop and wanted a picture of the heroes of the Revolution. They showed him many pictures that were not what he wanted. Finally they showed him a portrait of Lenin lying in the Catafalque in the Red Square in Moscow, and he said he would take this. The clerk asked him if there were any other pictures he would like of the heroes of the Revolution, and with a twinkle of his eye the customer said, "I would be glad if you could give me a composite picture of the heroes of the Revolution with Lenin holding out his hands with palms up, like this." (Illustrating). (Laughter). I think that sizes up the attitude of my people towards Bolshevism, although some favorable things can be said about the attitude of the Government towards them.

To understand Russia it is essential to take an objective view of the whole situation. Perhaps we ought to adopt the attitude of the artist who goes into a place to find out what is happening and what he sees, and then tries to represent it as accurately as he knows how. To go into Russia with a viewpoint and a prejudice is to be false to oneself, and certainly false to Russia. One must abandon the yardsticks by which we measure things in the western world, when one goes into this strange country. Everything that we believe in they deny; everything we affirm they refuse. Russia has completely broken with the past; she has no roots in the past; she is concerned only with the future. Another feature that bore strangely on me is this, that things are constantly changing there. When you come out of Russia for a while, you can rest assured that when you go in again the picture will have largely changed.

The Bolsheviki are determinists only in theory, in their ideaology, but when it comes to their methods and their practices they are opportunists. That is the only way to explain the success of their present leader, Stalin. They are pragmatists; their great question is, "Will it work?" And if it does not work, what will work? The present trends in Russia are not to the right, they are to the extreme left; from the western world to the eastern point of view. Western civilization rests on private property, religion, the stability and the maintenance of the individual and the family. Russia seeks to destroy private property, to uproot religion as we understand and practice it. Further, Russia seeks to re-shape family life. Why? Because those determinists who call themselves Communists believe that everything that curses mankind—war, hatred, religious prejudice, national bitterness—are due solely to private property; therefore it is their intention to bleed private property and capitalism white, to knock it on the head, and bury it deep without a monument to mark its resting place, so that no one will ever find it again.

If you see the movies in Russia you have a reflection of their attitude. Everyone is accustomed to the villains, but the villains in the Russian movies are three—the clergyman, the bootlegger and the capitalist. (Laughter). Russia is trying hard to make the country dry, but they have not introduced the Volstead Act as yet. (Laughter). They have watched the American experience, and they are afraid of it—I mean the experience in the United States; I beg your pardon, I should know better than to identify America with the United States. (Laughter and applause). The Bolsheviki object to anyone owning income-yielding private property, what the economists call functional property. They do not object to anyone having his own boots, or his own underwear, but nothing else of a functional income-yielding character. (Laughter). They are centering their attack on the businessman, and only recently the N.E.P.—the New Economic Policy introduced by Lenin—has been replaced by the R.E.P.—the Reconstructive Economic Policy. So if you are a capitalist, or were a capitalist, you are déclassé.

I had an interesting experience with a Rabbi who was working with a Cartel or Cooperative, making boots. He said to me, "I have a boy of thirteen years, and for months he did not speak to me. Finally I managed to get a word out of him, and all he would say was—'Father, I am ashamed of you!'" The father said, "Why? I am a scholar. Have I ever done anything that should give you cause to be ashamed of your father?" The lad turned on his father and said, "Yes; you are an enemy of the Russian State; you are a counter-revolutionist;

you are a hang-over from the old capitalistic regime; you don't produce anything." The father, wanting to keep the love and affection of his boy, abandoned the Rabbinate and went in a cartel to learn how to make shoes; he became a shoemaker so that his son might not be ashamed of him. You get something of the attitude in that, my friends.

I was much interested, of course, in what was happening there with regard to religion. The Russians have substituted Atheism for religion, but there is a religion in Russia, and that religion is social service, as they call it. Everybody has to engage in some form of service for his fellowman; atheism is taught to the students in schools, and the whole generation has grown up intolerant of every form of religion; yet the government is tolerant; if people want to worship, and want to maintain the church or the synagogue, they may, and there are synagogues, churches, and mosques still open in Russia although many of them have been converted into cinemas and workmen's clubs. But religion is dying, and the church is dying, particularly in the rural sections, because with the Collectivistic farming system the farmer does not need God any more—at least so they say.

A dear friend of mine, who is a great authority on Russia—Maurice Hindus—tells a story in his book, "Humanity Uprooted". He went among a crowd of peasants at a mass meeting and asked them, "How many of you have Bibles?"—and not a single hand went up. He asked, "How many of you had Bibles?"—and quite a number of hands went up. He asked, "What happened to your Bibles?" They replied that during the civil war they could not get any cigarette paper, so they used the leaves of the Bible for wrapping cigarettes. Religion meant nothing to those people, or they would have respected their Bibles. If you want to know why religion is dying in Russia you have to understand the Greek Orthodox Church. It was never a teaching church; it was a ritualistic mummified religion that meant nothing in the experience of the people, excepting that it bled them white. But the people have faith in religion. There is nothing inconsistent between revolution and religion. All the great religious prophets have always been great revolutionists. The Hebrew prophets were great revolutionary teachers. There is something in the spirit of revolution that makes for religious sentiment, and I believe that the time is coming when, out of this welter in Russia, a new religion will emerge, because nobody can live with historic materialism; nobody can find comfort in economic determinism, which is the basis of the doctrine of Communism. We must be patient, and I am prepared to be patient with religion in Russia. Touching the life of the family, despite the fact that the Russian Government has tried to do everything to break up the individualist family, especially among the Collectivists on the farms, I have faith in the family because I believe, with Havelock Ellis, that family life, as we know it, has a strength ingrained in the biology and in the psychology of man. Despite the free-love and companionate-marriage which is practised in Russia, they love children. See their attitude towards the waifs, who look like little hungry wolves around the railway stations and through the streets of Russia. I wish I could tell you about them; all over Russia you find a passionate love for children. I have faith in the family because I know that Russian women take romance and love too seriously to philander with it; I have a feeling that, despite the activities of the government, morality and the family life will remain. It may change, but it is changing all over the world, under the stress of mechanization and urbanization of our life.

I want to address myself more specifically to the Five Year Plan. All phases and all facets of Russia's life are interwoven with the Five Year Plan. It is the outgrowth of the whole system of Russian thought. What is the Five Year Plan? Briefly, it is an attempt to industrialize the country, in the sense that Russia should be re-made, like the city of Detroit. That is the ambition of the leaders of the Plan. I discovered that, next to Lenin, the greatest hero whom the Russians worship is Henry Ford, not because of his intelligence, but because of what he represents. The Plan has gone a little more than two years; in many of its branches it seems to have succeeded from the best reports and observations; they are trying to make of it a sort of Four Year Plan, purely for speeding-up purposes, for the Plan cannot be reduced to a Four Year Plan. In fact, it is not a Five Year Plan at all; it is the first instalment of the Twenty-Five Year Plan. What are the basic objectives of the Plan? There are several. To more than double the basic capital of the country; to double the industrial output, the agricultural output, the national income; to produce coal, oil wheat, iron-ore, in the greatest quantities possible. The plan seeks to improve the standard of living, to reduce the cost of living, and to make power and food available for the masses of the people. There is in Russia a Central Planning Agency. Every major aspect is dominated by a trust, all of which is centralized by the state. Russia is the only country in the world today that regulates its economic life on a national basis; it is a sort of super-corporation,—the largest single business concern in the world to-day. It is calculated that the population shall have increased about twelve per cent. during this time, and the members of the wage-earning class about nineteen per cent. Russia does not fear increase of population, and birth control is prohibited, though abortion is legalized for social reasons. Russia believes that there is enough in the world for all who will work.

How is the Plan working out? There are many ways of testing that. I refer you to a recent book by Professor Counts, Columbia University, on the Five Year Plan. I refer you further to the "Economist," of London, published last November, which contains a 40,000-word report which I think is purposely impartial. What are some of the results? Unemployment has been completely eliminated in the face of widespread and growing unemployment all over the world; there is a terrific shortage of skilled labor; there is what we call a compulsory labor movement—what they call a volunteer labor movement—in the mines, the oil wells and lumber camps, where convict labor is used. But there is also what is called the volunteer movement; the need of labor is so keen and the migration from place to place and from industry to industry is so great that an attempt is made to alleviate the situation in this way; the union leader appeals to the workers of the union to go into the heavy mining and oil-well work, for the sake of the state; he calls for volunteers. Not to be a volunteer means to be pegged down in the list; to be a volunteer means patriotism, and the result is that we have a great draft movement into what they call heavy industries, directed by the Russian State under the pseudo-name of a volunteer movement.

The wages in Russia run from $31.90 a month for unskilled labor to $41.95 for skilled labor. Wages are low; the cost of living is high; everything is rationed. When you meet a Russian in Moscow he wants to know whether you have scraps of anything to sell—socks, shirts, and so on—for he cannot buy much for his money; the stores are empty of goods, the lines are long, and only the patience of people such as the Russians could endure standing hour after hour, and then coming to the counter to find that the thing they are asking for is exhausted—milk, bread, or meat. In fact there is no meat to speak of, and even bread is lacking. The only people that get food to eat, amounting to anything, are the skilled workers, whom Russia must have, and to whom it gives a fair food supply. The trade unions in Russia are the largest and strongest in the world—over 12,000,000 members—embracing over 95 per cent. of the productive workers. Russia leads the world in social insurance and security for workers. In other words, it builds up its low-wages with other factors which would be included in wages in other parts of the world. The Russian worker is on a five-day week instead of a seven-day week. He gets one day in five off—six days a month,—and he has from two to four weeks vacation.

At the end of the first year of the Plan the fixed capital of industry had been increased over 18 per cent., and many new factories had been built. The progress was uneven. Some industries like oil, agriculture, machinery, electrical goods, copper and the non-ferrous metals turned out more than the specification called for by the Plan. In buildings, chemical trade, sugar, and fertilizers, it fell behind, and there was a deterioration in the quality of the output, due to inferior material and lack of sufficient skilled workers. The second year saw the plan advancing; the government raised the goal of production from 21 per cent. to 31 per cent., and came out on top. But the workers were pulling their belts one notch tighter every month. They were working terribly hard under this high-pressure system. They were restless, and they expressed themselves accordingly; however, they were told that they were walking in the rain now without umbrellas, but the time was coming when there would be no rain; soon they would be able to release their belts, and have everything. However, the irritation is noticeable, despite the great advances that have been made in the building of transport systems and the coal mining. The Russians wish to have a goat on which to lay the blame; so the managers blame it on shortage of raw material, capital, and fuel; and the Central Committee of Communists blame it on autocratic methods and the inability to mobilize the creativity of the worker. They are doing everything to speed up the process, by giving bonuses and social honors to the workers. Directors go from factory to factory to check up the standard; there is a red and black chart in every factory, and unless a worker produces according to the standard he goes on the black chart; otherwise he goes on the red chart.

There is one word in Russia that is the great curse of all this industrialization,—the Russian word, "Nichevo", which means, "I should worry". It is not really a word, it is a shrug of the shoulders and an expression of the hand and face. The average Russian is dominated by this word "Nichevo". Recently an emissary for the railroads said that a dollar should be the fine every time a Russian used that word, because there had been an increase in the percentage of what they call "unfortunate incidents"—what we call railroad accidents. They do not seem to understand that it makes a difference whether a switch is shut or open, whether signals are red or green, whether a locomotive is travelling at one or another speed, or whether an automobile or truck has or has not been greased. The crucial test of the whole proposition is whether the Russian government will be able to teach the science of speed, of accuracy in handling of machinery, and the "feel" for machinery to that horde of Slavs and Mongols, and that conglomerate Russian element that has lived in the Middle Ages up to ten years ago. The Russians say it can be done; they say it will be done; they say that the only thing about a human being that you can re-make is his nature. In the western world we have said that you may or may not be able to re-make human nature. We tried for many hundreds of years to do something with human nature, and we feel that it is a slow process. The Russians are materialists and determinists; their psychology is that of Behaviorism; they believe they can re-make the individual by shaping his environment.

I want to say a word about the revolution in agriculture. I think it is the greatest revolution the world has ever known. In a population of 146,000,000 there are 120,000,000 peasants who are abysmally ignorant, peasants who are poor farmers. The Russian diet is a pickle and a piece of soggy black bread; the farmers have been eating that for hundreds of years; you would think that by this time they would have learned to grow cucumbers properly, since they are the national diet; the samples of cucumbers I saw in Russia were the scrawniest I have ever seen. (Laughter). In 1917 there were only 200,000 land-owners. They owned over a quarter of the arable land, and yet because of their efficient methods they made Russia the great granary nation of the world. When the Bolsheviki came into power those great estates were divided up among the peasants on the old feudalistic plan. Every farmer got so many acres, but instead of laying out the land in squares it was laid out in an old-fashioned method, so that a man's farm was perhaps half a mile from end to end, and between the farms there were great ditches. The farmers grew their wheat on both sides of the ditch, but it grew over the ditch. The "Kulak" was the clever farmer who, when the division took place, had a few more livestock, a little machinery and a little grey matter in his head; after a while he said to the peasant on the other side of the ditch, "Let me lend you my livestock and tractor, and we will divide your produce." He became powerful and rich and was called a "Fist". Trotsky said, "What is happening is that we are building up a new capitalistic system in Russia; against three and a half million proletarians we have a hundred and twenty million farmers, peasants and landowners, and they will swamp us." He was exiled simply because he was two years ahead of his time. He said, "Let us have Collectivism," Stalin said, "No, it will starve Russia; if you drive the peasant to it he will kill his livestock." That is what happened last year; the farmer driven into Collectivism in a brutal and stupid way, killed his cattle rather than give it away, with the result that there are practically no fats and meats in Russia to-day.

If Russia is going to have grain to live on, the economics of the situation demand that they give up this primative method of farming, and do away with the ditches so that they can run tractors over the land and collectivize the farmers. They have gone about doing this, and all Russia is becoming collectivized. The old folks do not want it; they say it means standardization, crushing everything individualistic out of life. But among the young people, under the inspiration of the so-called Chautauqua lecturers who go about boasting that they are giving them community houses, nurses, clubs and schools, the plan is working out. If the Russian agricultural plan works out—and it is working out—it seems to me that it means the end of dollar-a-bushel wheat for the United States and Canada. Before the war Russia exported 150,000,000 bushels a year. If the plan works out, Russia can export 300,000,000 bushels annually, because it produces some 800,000,000 bushels. This year Russia grew as much wheat as the United States. Last year Russia exported 40,000,000 bushels and this year she will export 110,000,000. Last year you exported 175,000,000, and the United States 125,000,000. This year the Canadians are ready to export 250,000,000 bushels, and the United States 160,000,000. But see what happens. Recently the Farm Board in the United States negotiated for the sale of 75,000,000 bushels to Mussolini's government, at seventy-three cents a bushel, subsidizing it with their great Farm Fund. The Russians offered wheat at fifty-three cents a bushel, and offered to take payment in machinery. You see what a tremendous competitor Russia is against the rest of the world. Russia also expects to produce cotton, tobacco and flax up to the world's capacity to absorb it. How can the Russians do this? The Russian cost is simply in man-hours of labor; they have no rent, no interest; the standard of living is low; the workers are trained on farms; the means is there to establish credit with which to buy machinery and raw material. Compare that with the American farmer. The difference between seventy-five cents and dollar wheat is the difference to him between failure and prosperity; whereas to the Russians it simply means a difference in so much credit against which they can buy. This is something for us to be worried about.

The Collectivization will succeed, because it offers the farmer a new and higher standard of life. The Russian peasant hated the government; now he comes in contact with government agents who are doing everything to encourage Collectivization; they offer him all sorts of advantages, and he becomes governmentally-minded. What is more, he has discovered the need of organization, because collective farming cannot work without organization. If the peasants had been organized when the Bolsheviki came into power there would not have been any Bolsheviki revolution. The peasant is one of the most interesting factors in all Russia. He is the great mystery of the Revolution; he is a rising sturdy fellow, developing a new independence and understanding of social and political problems. The Russian government think that they can control the individualism of the agricultural worker, and coordinate the proletarian with the peasant. That is another great speculation and we are waiting to see whether they can do it. I want to ask a question and ask it of myself—"Is western capitalism helping, because of its greed for profits, to build up this Nemesis of capitalism?" There is no doubt in my mind, and I hope there is none in yours, that the aim of Communism is the spread of Communism all over the world, though they may retard that process for diplomatic purposes, and accelerate its speed when necessary; Communists do represent the antithesis of that for which the western world stands.

This plan is really a Twenty-Five Year Plan; when the people learn that they will not be out of the rain in 1933, that it will be pouring in 1933 and in 1938, will they stand for it? They have stood it for thirteen years; they expect something millennial to come in 1933; but it cannot come in 1933, as their best Russians know. If the government cannot control the people, something will happen. Can Russia train the technical personnel? They need this year over half a million trained technicians, but in their schools they are training only some 30,000. Where will they get the balance? The United States and Germany are sending a great many technicians. If the Five Year Plan does work and can produce at the end of the time enough for home demand, and if it gives the people more than they have to-day, then the spirit of acquisitiveness may grow; then some will have the good sense to save, and some will not. Some will have automobiles and silk stockings, and others will not. As long as no one has anything now, well and good; it is a sort of a consecration, a sublimation of mediocrity; but it will be a different story when there is enough for everybody, and some people begin to save for a rainy day. It is possible that Communism may grow to social democracy. It is my feeling it will never go back to capitalism, as we know it in the western world.

There are two points of view, as I see it. One is economic boycott; let America and all the European nations under capitalism join to boycott Russia, do no business with it, ignore it, and stand up against it without war. If we did that, Russia would collapse in a short time, or get back to Middle Age husbandry. The other point of view says, let us trade with her, and compete with her; we have machinery and technique, and we are at least a hundred years ahead of her, no matter how she speeds up. Then it goes further and says, everything in Russia is rotten, and needs making over—her buildings, bridges, factories, machinery and railroads; everything inherited from the old regime is going to pieces, and needs to be replaced and rebuilt. Let Russia sell timber, grain, manganese; the more Russia sells, the more she will have to buy. England, Germany, and Canada are the leading competitors of the United States, yet they are also her best customers.

For the next twenty-five years Russia unquestionably will be a great competitor. Can we afford, in times of appalling unemployment and depression, to forego, during the next twenty-five years, this tremendous trade opportunity? Sir Henry Deterling said that one of the great causes of the depression was the fact that the revolution had removed from the world 150,000,000 consumers. Last year the United States did a business with Russia totalling over $145,000,000; our exports to Russia were over six and a half times our imports from there; over 44 of the largest American companies are doing business with Russia on a long-term credit plan; Russians now owe these 44 large concerns over $170,000,000; our government does not recognize Russia, but our businessmen are investing their capital and doing business there; Colonel Cooper, who is helping to build the worlds largest hydro-electric plant, on the Dnieper River, said at the Senate Commission the other day that in five years Russia will buy from the United States a billion dollars worth of goods annually.

These are the two points of view; let us boycott, or let us compete, sell, and do business, having faith in ourselves. I believe it is inevitable that if Russia prospers industrially, and remakes herself as she is trying to do, in twenty-five years, the rest of the world, if we do not boycott, will be compelled to form a United States of Europe and America for purposes of trade, competing with Russia for the markets of the world. And so, divided by our tariff walls and our exclusive economic nationalisms, we fall prey to the mass production and the non-profit motive of Moscow. There is an alternative; I believe, and I would say to you humbly, that we ought not to boycott Russia; we would be biting off our noses to spite our faces if we did so at this time. I have faith in the ability of capitalism to re-fashion itself; modern capitalism is undergoing the severest strain in all its history. Considering this great depression which has fallen heaviest on the shoulders of the masses, breaking down their morale, and the imminent war in Europe which, if it comes will be followed, I fear, by Communism in most countries of Europe, particularly Germany, I would say to you that capitalism needs to reestablish itself, to remake itself. There is a remarkable book by an English economist, Paul Hobson, entitled, "Unemployment and Rationalization" which I advocate that you read even if you do not agree with it; the leaders of business in our country across the line need to bestir themselves and re-think the whole economic situation. Industry has to be democratized. There will have to be a wider distribution of the profits of industries to the people, so that they may become increasingly able consumers. (Applause). But I believe that capitalism is re-shaping itself, and a re-shaped capitalism can compete with Russian Communists for mastery of the markets of the world, and the increased increments to human happiness. (Loud and continued applause).

On the suggestion of the President, the audience expressed its thanks by rising and cheering.

CREDIT POLICY AS A FACTOR IN THE PRESENT WORLD DEPRESSION

AN ADDRESS BY GRAHAM F. TOWERS, B.A., CHIEF INSPECTOR, THE ROYAL BANK OF CANADA, MONTREAL.

26th February, 1931

PRESIDENT STAPELLS introduced the guest, who said: To a business world encouraged by post-war recovery, and by a number of years of relative prosperity, the extent of the present world-wide depression has been a decided shock. During the latter years of the prosperous period we were told frequently that a new era had dawned for business, and that the suffering and disorganization which arose from the trade cycles of the past need no longer be expected. Nevertheless, with such statements still fresh in our minds, we find ourselves in a depression of severity unequalled during the present generation. The best feature of it, in my opinion, is the fact that it is encouraging a closer examination of the reasons for its existence. In the opinion of many people the part played by currency and credit in business prosperity or business depression is of such extreme importance that it deserves to be given first consideration. Perhaps the best way to deal with this rather complicated subject is to lead off with a few simple statements which will, I hope, find ready acceptance on your part.

As business is conducted in terms of money it seems obvious to say that an increase in business requires an increase in money, if prices are to remain stable. During the history of the world money has consisted of various things, but for a long time gold has been pre-eminently the medium of exchange. Not so long ago gold coin was actually used, and if the gold standard countries of the world still used a currency which consisted entirely of gold I think we should have little difficulty in understanding that an increase in production and of trade must be accompanied by an increase in the supply of gold, unless prices are to be allowed to decline. Obviously business transactions can be conducted with a smaller supply of currency on a low price level than they can on a high price level. In the gold-using world which I have just pictured let us imagine that business ingenuity and hard work resulted in the production of an increased volume of goods. By an unlucky chance it is impossible to increase the supply of gold. The increased volume of goods comes on the market, but gold is then insufficient to provide an adequate medium of exchange. Trade is hampered, prices fall, and on the new and lower level there is then sufficient gold to conduct the world's business. If all currency consisted entirely of gold, or was backed 100 per cent by gold, no management of currency would be possible, and at a given level of production prices would depend on the chances of gold output. Fortunately the world has graduated from such a rigid system. Gold coin has almost altogether passed out of use as a medium for cash payments, or as a reserve for commercial banks. It is used as a reserve by central banks, though not necessarily to the extent of 100 percent of the central bank's liability in the form of outstanding notes or reserve deposits of commercial banks. It should be noted here that in many countries the commercial banks are not in the habit of keeping any large amount of actual paper currency in their vaults. The greater part of their reserve consists of deposits with the central bank. These deposits constitute a call on the equivalent amount of currency; to all intents and purposes they are currency, and in future I intend to use the words "central bank currency" to embrace both the outstanding notes of the central bank and the reserve deposits which the commercial banks maintain with the central organization. The legal requirements of the central bank in most cases do not call for a gold reserve of more than forty per cent; thus for each million dollars of monetary gold there may be outstanding two and a half millions of central bank currency. By this system the world found a way of providing for the monetary requirements of an enlarged production, avoiding the imperative necessity of relying on the lucky chances of gold discovery, or, as an alternative, throttling business down to a price level which would probably have been a fraction of the existing figures. While I have taken forty per cent as the average of minimum legal requirements in connection with gold reserve, these reserves might under certain circumstances be as high as one hundred per cent. Within certain limits the percentage of reserve depends on the policy of those in authority. Thus man has replaced the mine as the determining factor in the quantity of currency in existence, and if the expansion and contraction of credit are important factors in the business cycle, the actions of those controlling central bank policy are of vital interest to the business world.

I think if the events of any business cycle were recalled we should all agree that expansion or contraction of credit did play an important part in the ups and downs of those cycles. The story has unrolled itself before our eyes, and those of previous generations, time and again during the last hundred years, but as soon as one depression is over its lesson is forgotten almost immediately. Here is the sequence; low rates in the long-term money market of the principal financial countries induce borrowing for new projects undertaken by governments and companies. While these new developments are under construction they put no goods on the market for sale. On the contrary, their purchases of material and their employment of workers lead to an increased demand for goods from existing sources of supply. Domestic and international trade is given an immediate stimulus. The business of the world is encouraged, and becomes more optimistic, resulting in fresh projects being undertaken. If this development proceeds too rapidly, credit supplies commence to show the strain, and eventually the cost of borrowing discourages new enterprises and leaves old ones unfinished. Employment drops, purchasing power is curtailed, manufacturers reduce their purchases of raw materials, supplies of unpurchased goods mount, and the cry of over-production is heard in the land. What is the characteristic sign of over-production?—the answer immediately is, a fall in price; but when we say price we mean exchange value. We mean that a larger quantity of the over-produced commodity has to be offered for commodities which are not suffering from over-production. If all commodities experienced a price decline of equal percentage, a bushel of wheat or five pounds of cotton will command five pounds of copper at the new level just as they did at the old. In such a case it is only the value of money that has changed. In the early stages of a change in money values we never find that all commodities decline on an equal basis. First amongst the sufferers are the raw products. Before these products reach the consumer they have a substantial percentage added to their cost in the form of transportation, manufacture and distribution, and in all these activities the wage cost is an important, often a preponderant factor. In our modern civilization wage rates change slowly, and so we always find, during a period of depression, that the price of manufactured goods is quite out of line with the changed price of raw materials. The farmer who one year paid one hundred bushels of wheat for a certain manufactured article, must next year pay two hundred bushels of wheat for the same article. His purchases are necessarily halved, and while the rates of wages which factory workers receive may remain the same, the amount of wages they receive is reduced by unemployment; their purchasing power is limited, and world trade receives a further blow. Disorganization ensues, and we have the amazing spectacle of an apparent over-production of all the principal commodities of the world at a time when millions of unemployed are only too anxious to find some means of obtaining those over-produced commodities.

We all realize this has been happening during the last year and a half, and it is plain that if raw material prices are to remain as they are, finished goods cannot be sold at previous prices to raw material producers; therefore the value of finished goods must be reduced proportionately. Certain costs of production, such as interest on funded debt, are fixed for a period of years; others, such as rent and taxes, are slow to change; price reductions are made in the first instance at the expense of profit, and in the latter by cutting wages. The world then starts off on a new price level which, in the present instance, might be twenty per cent below the old one. Even if these statements are obvious, I think it worth while to make them because it is desirable that we should have their meaning fixed clearly in our mind. They mean that the world of business would, in such circumstances, re-establish itself on an even keel after a drastic change in the value of money. They mean that after great loss and suffering on the part of millions, no one will be a whit better off except a small minority of the creditor class and the few people who gambled on the short side at the right time. Simple as this is, far too many people are unable to recognize that it is a change in the value of money which is largely responsible for the present state of depression. They refuse to realize that if money remains at this changed value innumerable and painful adjustments have to be made. Thus we still have with us, though in diminished number, those cheerful prophets who characterized last year as merely one of psychological depression, or those who, ascribing the trouble to over-production, must logically advocate curtailment on a world-wide scale of all the apparently over-produced commodities. It is forgotten that the total purchasing power of the world is governed by the total volume of production valued at current prices, and that purchasing power can be increased only by increased production.

Let me retrace my steps and review briefly the conclusions that I have suggested. First, other things being equal, an increase in the volume of business requires an increase in the supply of money if prices are to be maintained. If all money consisted entirely of gold an increase in the volume of business necessitates an increase in the supply of monetary gold. But gold is now used only as a reserve by central banks. Within certain limits the central bank currency can be expanded or contracted, irrespective of any change in the suppy of gold. Central bank currency is the foundation for general bank credit. Lastly, easy money conditions always accompany an expansion period of the business cycle, and scarcity of credit is in evidence at the commencement of any depression of importance.

It is time now to pass from the general to the particular and see how the theory fits in with the events of the last ten years. The United States emerged from the war as the dominant factor in the world's financial affairs. Her banking position in 1921 was over-expanded, but coincident with the reversal in business, gold started to flow to the United States in enormous quantities. Between the years 1921 and 1925 the net import of gold into the United States was in excess of $1,500,000,000. The commercial bank indebtedness to the federal reserve system was soon paid off, and the country found itself left with enormous financial resources available for investment; the easy money conditions leading to an expansion were clearly in evidence. Low rates and lack of a pressing demand for capital from the domestic market caused them to turn their eyes towards foreign possibilities, and as so often happens in that country, they moved swiftly and enthusiastically. The year 1924 was the first in which foreign financing took place on a large scale, but during the five years ending in 1928 the United States loaned over $6,000,000,000 of new money to other countries—which means that during those five years the United States created sufficient credit to put $6,000,000,000 of purchasing power into the hands of other nations. Such an efflux of credit in a five year period is unique in the world's history, and the effect on world trade was amazing. Naturally the lender of those dollars shared liberally in the resulting prosperity, and prices of common stocks of United States corporations rose rapidly. Thus was created an additional demand for credit to finance the rising stock market. I might interject a word of explanation here by saying that additional credit is required to finance a rising stock market only to the extent that existing stock owners withdraw their profits. Such withdrawals took place on a large scale in the United States, and were used to a certain extent to purchase articles for consumption, and to a larger extent to purchase newly created issues of securities. Thus the market whose rise had been due to prosperity, intensified the prosperity by the very circumstances of its rise. It seemed as if the millennium had been reached, until finally the intensified demand for credit raised rates all over the world to commercially impossible levels. In many cases it was impossible to borrow money, no matter what rate was offered. The door was shut in the face of foreign countries, and foreign government bonds are in many cases still selling in New York at something amounting to panic levels. The inevitable curtailment in world business, and the subsequent decline in international trade, can be measured only in terms of many billions of dollars. There is really no question that, during the latter years of the period I have described, the

United States took the world on a credit spree, and put a strain on the credit resources of the world which would shortly have become unbearable. Strenuous action on the part of the central bank finally resulted in the bubble being pricked, but opinion is now becoming quite definite that our present position would be immeasurably better if the United States had taken proper measures early in 1928. Such, at any rate, is the substance of much of the testimony being received by the committee of the United States Senate which is presently engaged in the examination of banking matters. But if early action on the part of the central banks is highly desirable at a time when over-expansion of credit is leading the world into trouble, strenuous measures to ease credit are essential as soon as the tide turns. Otherwise, a chain of circumstances is set up which leads to excesses in the deflationary movement even more disastrous than those which are to be seen during inflationary periods. It is from such excessive deflation that the world is suffering at the present time.

It should be noted that the proper criterion of easy money conditions is not to be found in the call loan rates or the rates on short term bills. New developments and the satisfactory functioning of international finance depend on conditions in the long-term money market, and the forcing of funds in this direction is one of the principal functions which a central bank can perform in endeavoring to stem the tide of depression. Contrary to the general impression, the long-term money market of the United States has never been in a really easy position since the depression began, and in my opinion is not in a really easy position to-day. Thus the world's principal long-term money market is still closed for repairs, while France, whose resources qualify her for a leading position in this respect, is only now taking the first step towards assuming her share of responsibility for world financing. Great Britain, on the other hand, has done everything possible to continue foreign financing to the greatest extent that her resources will permit, and in the course of keeping rates as low as possible in London she has parted freely with her gold. It must be recognized that not all central banks have the power to exert major influence in these matters. The power of an individual central bank to act is limited by the extent of its gold resources.

Now the Central bank organizations of France and the United States control something over sixty per cent of the world's supply of monetary gold, and the balance of the world's gold is distributed in such a way that no other country is in a position to take independent action to ease world credit conditions without risking the loss of its gold supply. Thus the unbalanced situation in respect to the location and control of the world's gold supply places the main responsibility for any action on France or the United States. In the latter country, the bond market is not in a satisfactory position, and if domestic issues are to be hampered and international financing practically eliminated by this situation it will be difficult in the near future to find a satisfactory basis for the re-establishment of world trade and the recovery of commodity prices. Short term funds have accumulated, but an easy money policy on the part of the central bank is desirable to stimulate the movement of money towards the bond market. France, too, should accelerate her action in these matters, so that more of her gold may be available as a basis for the credit requirements of the world. The total supply of gold in the world is ample for the support of present price levels, and for the financing of normal expansion in business, provided that too much of it is not allowed to remain idle in the hands of the wealthy countries through accumulation of excessively high reserve percentages. Thinking along these lines, then, the problem is not gold shortage. The problems of the moment are two in number—understanding and cooperation—and of these, I think understanding is the more important. It is inconceivable to me that the world should continue much longer to tolerate these drastic changes in the value of the medium of exchange, the last one of which, as we are seeing, has disorganized the world's commerce to a marked extent. Acute necessity in the past has usually produced the needed invention, and we must hope and believe that it will not fail to do so in the present circumstances. I thank you very much. (Loud and continued applause).

Mr. H. D. Burns, Assistant General Manager of the Bank of Nova Scotia, expressed the thanks of the Club for the thoughtful address.

SOME ASPECTS OF THE UNEMPLOYMENT PROBLEM
AND
THE PRESENT RUSSIAN TRADE PROPOSALS

An ADDRESS BY TOM MOORE, PRESIDENT TRADES AND LABOR CONGRESS OF CANADA.

5th *March*, 1931

PRESIDENT STAPELLS occupied the chair. He introduced Mr. Moore, who said: My two topics to-day are interlocking, and while I consider unemployment the most important, I recognize that Russia is to-day, and perhaps will be more in the future a factor in unemployment in this and other countries. In dealing with unemployment we are faced with the condition of mind of those unfortunate men and women who, through no fault of their own, find themselves dependent upon the willing charity of those more fortunate, or upon the relief made possible through the expenditure of money by the Federal, Provincial and Municipal authorities. In regard to the latter, no one conversant with the facts could pay too high a tribute to the magnificent manner in which all have co-operated to obtain the utmost benefit from that expenditure.

When the Federal Parliament made the appropriation last September there was a certain amount of doubt as to its providing full employment, and a suggestion by some sections of Parliament as to limiting the time when the money should be available. These were prompted by the feeling that because of our political differences in provinces and municipalities there might be a lack of responsibility for the expenditure of those funds; but due to the intelligence and good citizenship of those in authority everywhere party differences were sunk and the money used to the fullest possible extent. Yet, notwithstanding the expenditure of this money there appears to be a greater volume of unemployment than when the appropriation was made. I have no reason to doubt the statement of the Federal authorities that through the expenditure of this money between 180,000 and 200,000 people have been given part-time employment, but I think there is reason to question whether we had a fair estimate of the amount of unemployment existing when the survey was made last August. This country is one of the few that has no means of calculating how many unemployed there may be within its confines. The greater the unemployment, the less chance there is for those who are not actually destitute to register at the Employment Bureaus and make their wants known; they feel their time is better occupied in searching for available odd jobs than in registering at the Bureaus, where no jobs are in sight. The utmost care was taken, within the short time available, to obtain accurate data for the Employment Service Council at their meeting before the last session; the figures showed that there probably would be 200,000 unemployed during the peak of the winter season, whereas we know that, notwithstanding the amount of work provided by relief works, no less than 300,000 are still unemployed. I do not think this is entirely due to an increase in the volume of unemployment, though there has been a natural increase since August. The closing down of some of our primary seasonal occupations has accentuated the condition, but opening of these in a few weeks should relieve the situation to a similar degree. In spite of this, it is apparent that there is need for other government machinery whereby we can gauge the volume of unemployment, if we are to find a sensible solution for the problem.

In its broader aspect unemployment is not a new problem; it has been present at recurring cycles—in 1906, in 1914, and again in 1921. Public interest becomes aroused during the most acute period, but immediately that there seems to be a slacking off, either from weariness in well-doing or because of not being so directly affected in their social structure, the public is liable to forget and to leave the problem to those who have to face it individually. I want to ask that, should we be fortunate enough to have a reduction of unemployment in the near future, there should be no slackening on anyone's part in seeking a more adequate and permanent method than we have had for dealing with this problem. (Applause.) I am convinced that there are sufficient factors to make it a continual problem for some years to come, and it is up to Parliament and the Provincial and Municipal authorities to make their arrangements in that regard.

The recommendations made at the Federal-Provincial Conference of employers, employees and Government representatives in 1924 are still buried away in the Government files. There were also recommendations made by the Commission on Unemployment of the Ontario Government in 1916, although it is doubtful if some members of the present Government know of their existence, let alone their portent. These should be resurrected; we must recognize that present relief works are finishing, and people cannot be left to private charity. This is a state responsibility. Unemployment to-day is world-wide, and so general in its application that in the different countries no less than 20,000,000 workers are unemployed. This constitutes a challenge to our entire civilization, not only to the general social structure but to our political structure. The Mathers' Commission, appointed in 1919 by the Federal Government, toured this country to find the reasons for industrial and general unrest, just prior to the One Big Union outbreak and the near revolution which occurred in this country at that time—of which perhaps those on the inside knew a little more than you on the outside; this Commission, after full investigation, reported that the foremost reason for unrest was unemployment and the fear of unemployment. This fear not only accentuates unemployment, but is equally as important a factor as unemployment itself. When a person becomes unemployed his spending power naturally ceases. The worker, seeing others being laid, off, becomes uneasy and restricts his spending powers to the minimum in order that he may face the issue as comfortably as possible if it comes upon him. The result is a reduction of buying power immediately reflected in the volume of business done in our stores and factories.

Even when we speak of 20,000,000 unemployed we do not get the entire picture, for under-employment is also a vital factor. We read of the fortunate position of France with regard to employment, but the latest figures show that the unemployed are increasing in number, and now total about 350,000. Mr. Picquenard, the Government representative of the French nation, speaking to the governing body of the International Labor Organization at Geneva in January of this year, drew attention to the fact that though there were only 350,000 registered as unemployed there were over a million who were working part-time. France had partly met its problem by putting the workers on part-time, and thus laid the entire burden on the shoulders of the workers instead of on the community as a whole. In Canada we have a vast number of people who are affected likewise. In the shops of the Canadian Pacific Railway they work from four to five days a week instead of the usual six. The Canadian National Railways has reduced its maintenance forces to the five day week also. The wages of some railway laborers on a six day week is only $24, and when this is reduced fifteen per cent, the condition of these workers is more than casually disturbed. If that reduction were for only a week or two they might scrape through on their reserves, but when the period is extended to six months, a year, or longer, their earning power becomes considerably decreased and is not sufficient to maintain a reasonable standard of living. Therefore we have to add the problem of under-employment to that of unemployment.

It is my opinion that our present economic system—call it a capitalistic system if you like—is on trial. If it cannot adapt itself to the needs of the nation, then something else must be substituted. Nations have demanded that the interests of their citizens as a whole are paramount over those of individual groups. Therefore, I feel that this is a problem in which capital is interested just as much as labor. The general aspect of the problem has been examined in many quarters. The League of Nations has economic committees studying this problem in respect to transportation, tariffs and other similar questions. The International Labor Office has a special committee studying labor and other social questions attendant upon this issue. The International Federation of Trade Unions has committees at work as have the International Chamber of Commerce and many other bodies. Many public addresses have been made on the gold question, the effect of the restriction of currency, the necessity of finding some more equitable distribution than the hoarding which is taking place in France and the United States, where almost 60% of the world's gold is said to be accumulated. The review of our Bank Act is due to come before Parliament for general revision, but at the present I know of no department studying the effect of these things, so far as they apply to Canada, in order that the Bank Act may be amended, if necessary, in the national interest. There should be an investigation of this particular question, so that authentic information will be available when the Act comes before Parliament.

You have probably read able articles on the silver question, showing its effect on the purchasing power of

China, India and other nations; this is a vital factor in the problem of unemployment in its international aspects. I read a commendable article by a well-known and esteemed friend in Toronto, Mr. Burton, on the effect of war reparations on business and trade. Others have dealt with the same subject. Therefore, I do not need to go into these aspects of the unemployment situation, important and serious as they are. I might say, however, that when Germany had to meet its war reparation payments it found it essential to restrict the importation of wheat, and to introduce war-time rye bread, with the result that our prairie provinces felt the effect immediately; this was a contributing factor in the drop in the price of wheat, and we felt the reaction in the eastern part of Canada, so far as our industries are concerned. The world is so small that anything which depresses the purchasing power of the citizens in one country has its repercussion in other countries.

Another factor in the general situation is the tendency towards industrialization which has taken place since the war. In pre-war years industry developed in the industrial countries because there were virgin markets to explore. Canada was only a very minor industrial country up to 1914. When we were first called upon to build ships and make shells certain experts told us that it could not be done. However, this was accomplished so well that after the war, we undertook, successfully, to build up an industrial population to convert our natural resources into the highest manufactured form in which they might be marketed. Every other country has followed suit—in Africa, India, China, Japan, or wherever it may be, we find the same condition exists. A year ago at Osaka, in Japan, I went through the plant of the Japanese locomotive and bridge works, also their ship-yard, and saw there up-to-date equipment, fine machine shops, and intelligent workers as proficient as those in this country.

Canada has evolved a system of intensive nationalization shutting out the exchange of trade which used to take place. Every country has adopted the same course, and coincident with this, paradoxical as it may seem, there has been a greater internationalism of capital. When the United States found some of its market closed, they went into Germany and other countries to manufacture. Japanese capital moved into Manchuria and into China to meet competition there. So we find this internationalization of capital occurring coincident with the nationalization of industry. This has an important bearing on the unemployment situation, because following these there has been the policy of restricting population. When our Alien Labor Act was passed in about 1908 it was well known that it only applied to one industrial country,—the U.S.A. being the only country having similar legislation; but when we examined the problem two years ago we found that nearly every industrial country, Great Britain included, had regulations as strict as our own restricting the admission of industrial workers. Therefore, workers can no longer migrate freely from one country to another when their own industry cannot absorb their labor. A man may learn to be an efficient pattern maker in Canada, but if he finds no occupation it is doubtful if he could move as comfortably to the United States as he could have, formerly. He may have to decide to be a common laborer at about half pay, and lose his technical experience. Therefore we find this nationalization of industry materially affecting our employment situation. Coupled with this comes the mechanization of industry in the industrialized countries. There has been a haphazard building of machinery into industries, and I doubt if part of it, when carefully examined, is really efficient. In my discussions with industrial authorities, they have acknowledged that machinery has been introduced and used on occasions when it would have been cheaper to use hand labor, taking into account overhead costs, the limited time the machine might be used, and the depreciation. I recall one simple instance of seeing a little cellar being dug in clear sand, going down only four feet, yet they had brought a steam shovel and several motor trucks across the city; I daresay it would have cost considerably less to have used picks and shovels. We have a craze for machinery and use it without regard to its effects on individuals. There has been too much money spent in machinery and too little money spent on men. (Applause.)

Our business to-day is to balance production and consumption. Experts have tried to give us new directions, but the labor movement, like naughty children, often refused to agree with them. We were told, during the war, that it was essential to issue tax-free bonds. We know to-day that the purchasing power of these bonds is entirely out of proportion to the buying power of those who are dependent on wages. We were told that wage reduction was essential so that costs could be reduced. In 1921 railroad labor took a serious reduction and they have not yet got it all back. But has it brought any greater prosperity than if they had not taken the reduction? To-day farm producers are taking a serious reduction in the price of their produce, but are they better able to purchase our manufactured products than when they were getting a dollar or more for wheat? Examine it closely. All experience has been against the policies that were advocated; therefore, like Lloyd George, we sometimes look a little askance on the advice of experts. Of course, I realize that to solve the unemployment problem entirely would call for some one who could perform a miracle.

On top of this comes the immense problem of Russia. I know that in manufacturing circles there are those who disagree with their colleagues respecting the recent Russian trade offers, and the same is true in labor circles. Probably there are many who will not agree with me, but I believe the statements which I intend to make are in harmony with the general policies of the labor movement, and in the interests of the progress of this country. No one occupying a position such as mine, would either desire or dare to say anything which would rob an individual of the possibility of a job of any permanent value; therefore when I say that I cannot agree that there is any permanent good for the workers of this country in the acceptance of present Russian offers I do so with a full sense of my responsibility, knowing the hard feeling it may arouse in the minds of those who see the possibility of an immediate job were those offers accepted.

In 1920 I was appointed to a small Commission under the aegis of the International Labor Office to go into Russia to find out conditions, but the Soviet would not permit such an investigation. However, I have kept closely in contact with official reports of much that has been occurring there, and have had the responsibility of facing the attempts that Russia has been making for ten years or more, through its communistic agencies, to destroy the trade union movement of this country. Russia has been trying to destroy all that we have done in order that chaos might prevail and that in the midst of chaos they might impose their form of dictatorship. In resisting their attempts we have learned a little about the unreliability of their promises, the subtlety of their movement, and how they will use any and all circumstances to exploit their own aims and ultimate objects. (Applause.) Their political agitation has failed in most countries of the world. They have spent money freely to bring about sufficient political agitation to force acceptance of their conditions. Now, either by accident or design, they have come to the conclusion that it may be easier to accomplish their objects through their economic arm, and we are asked to assist them build their machinery as rapidly as possible so that they may do that harm at the earliest possible moment. I am not interested in how the Russians govern themselves except in wishing to see the people of any country improve their conditions; but when they try to impose their civilization on us, then I have a right to resist if I value our civilization. (Applause.) I have no right to make declarations as to state policy; that is for the elected representatives of this country. Neither am I interested in the political fortunes of any party in this country. I believe that the Russian question is so important as to be above politics in Canada. (Applause.) I do not underestimate the ability of Russia to carry out some of her purposes, and I recognize that there may be countries who consider it to their advantage to do certain things we are not prepared to do; however I have confidence that in Canada we have sufficient natural resources, and sufficient intelligence in the masses of the people—who are at least fifty years ahead of the Russian population as a whole in social and other developments—to compete with Russia, to mould our own civilization, and to exist in the face of either Russia or anyone else. (Applause). For a long period this country adopted the policy of burying its head in the sand, refusing to say anything about Russia. People were kept in ignorance of the great social, educational, industrial and agricultural developments there. Then came a sudden change, and we were flooded with an enormous amount of information. The Russians are adepts at psychology and have pushed their publicity to the full, knowing the timidity of private capital and the effect such propaganda would have on its stability. They have poured out all the propaganda possible, to try and make one believe that the world is going to change over night and that everything you own will have to be sacrificed; that we had better throw up our hands and accept whatever conditions they impose. The truth lies between these two extremes. Russia is making developments; but if those developments keep pace only with the demands of their population, there is no danger. If, however, we aid them so that their material development will grow ahead of the demands of their population, they will have surpluses with which to destroy our markets and create the chaos which they are anxious to bring about.

Leaving the political side for a moment, let us analyze the latest offers commercially. I notice that those who protest against the latest decision of our government are those whose profit and trade might be affected by that decision. Our government has not forbidden export to Russia, but they name certain articles which cannot be imported into Canada in payment of what has been exported. The Russian government will not allow you to export shoes into Russia, even though they can supply their people with only 0.87 pairs per year each. It is a fact that they are selling rubber lined shoes in Manchuria and a large smuggling business is being built up on the Manchurian border. Cattle are so scarce that meat can hardly be obtained, yet our packing houses cannot export meat into Russia. Clothing cannot be sent into Russia. They have decided what is to be admitted in accordance with their policy and have said, "You can only send into Russia those things that we need for producing purposes, and nothing for consuming purposes." The Canadian Government has taken the same course, and said, "You can only pay us such things as will not damage our efficiency and our business." (Applause.) There has been some wild talk of this leading to war. When France prevented the importation of Canadian wheat because of her national emergency was there any talk of war? Was it thought serious enough for that? When we decided against the marketing of New Zealand butter here was there any trouble? Then why this commotion because the Canadian Government has decided that certain things are not to be imported into Canada at the present time?

These are the bare facts, so far as the Russian offer appears at present. Now, what does Russia permit us to send her? Agricultural machinery? Yes, but wheat dropped enormously last year, largely due to the reparations to which I referred, and to the fact that Russians were dumping wheat on the British and other markets, to the extent that there was no sale for our Western wheat, and the purchasing power of the Canadian West practically disappeared. The agricultural implement industry became slack, because they could not sell in the West. Now, to remedy that condition and restore trade and employment we are asked to ship more machinery to Russia so that they can increase their competition and make things even worse. Any extra business our manufacturers get through selling to Russia will be offset by the inability of our Western farmers to purchase their machinery. (Applause.) Much more might be mentioned about Russian trade; but I would say that Russia cannot supply the world any more than any other country has been able to. There will still be trade however successful Russia may be. There is nothing that breeds demand quicker than satisfaction of present demand. I suppose some of you may say, "We know that from experience with the labor movement in Canada, as soon as we satisfy one demand they have something else in view." (Laughter). As the Russians emerge from their present condition of semi-feudal oppression, their demands will quicken and will have to be satisfied to an increasing degree. Therefore, future trade with Russia can be put aside for the time being, and for the present we can concentrate on our immediate needs. Mr. Lehman told the Canadian Club in this City about a week ago that Russia was not fighting capitalism, but was building up state capitalism. From what I know and have read of the Russian situation I agree with him. The leaders in Russia hold up our Ontario Hydro project as an ideal for their own country. We have led the world in state capitalism in some respects. We have the Hydro system, of which we can be proud; we have the Canadian National Railways, which is second to none, either for efficiency, inventiveness, or progress in any direction. (Applause). We have the Montreal harbour, further from the sea than most harbours, but one of the most efficient and economic in the world, built as a state enterprise, not as a private enterprise. Have we reached the ultimate in this direction? If it is necessary to beat Russia by this weapon alone, if national interest demands us to proceed in this direction, we have the men, the natural resources, a new country, and great opportunities. All that is needed is determination to reform our system and remove any obstacles standing in the way.

The problems of unemployment, of destitution in old age, of long working hours which do not permit men to take part in civic life—these are some of the problems that have to be met. We can meet them, and can make conditions in Canada such that confidence will be re-established and we will be able to improve to such an extent, that as Russia looks to our Hydro to-day as an ideal development, so fifteen years from now they and other countries will be looking to Canada as an ideal towards which to aim. (Continued applause).

Mr. C. L. Burton, in voicing the thanks of the Club to the speaker, said that Labor was to be congratulated in having such a man as Mr. Moore, who by his especial knowledge of their problems could guide the Labor forces in Canada.

RUSSIA

An Address by COUNT PAUL N. IGNATIEFF.

12*th March,* 1931

President Stapells introduced Count Ignatieff, who said: I thank you for giving me the privilege of speaking to people of such prominent standing in this hospitable land of Canada. I appreciate your willingness to listen to a strange dialect—Russian-English. Earthquakes move mountains and seas, revolutions destroy and seemingly create, but the Universe and Life pulsate. We do not understand the forces that are operative—we call them "the laws of Nature," or "the Will of the Almighty." We must study to understand the trend of the underlying forces which have created the Russian Nation. Therefore to comprehend Russia of to-day, let us review her past history.

What is Russia?—part of a colossal plain, the vastest on earth, comprising two different continents—Europe and Asia—the West and the East. On that plain live more than 150 million human beings, about 80% Slavs, with many small nations intermingled. A recent census has shown about 165 denominated nations and tribes, and over 100 spoken dialects. This Slavonic race is of the same stock as the white race that has populated the rest of Europe, spread over America, and brought its culture all round the world. The Slavonic element of the race came to Russia during its migratory period, in the rear of all the tribes that formed the white race, and its destiny was somewhat different. Drifting West, like its brethren, it found the land West of the Carpathian mountains already occupied, and changed is direction towards the North. Their first cultural contact was with

Byzantium, whose Greco-Roman culture was imbued with the influence of the East through the Iran culture of Assyria, Babylon and Egypt. These wandering tribes, which later formed the Russian Nation, received their Greek-Orthodox Christianity with its orientalism, symbolism, metaphorism—that so many are apt to call superstition—from Byzantium. With this touch of culture the Nation was forced to expand East—the only direction that was unpopulated. The small Mongolian and Finnish tribes that encountered the Russian Nation could not stop the movement. There were no natural barriers—no seas, no mountains. This migration was mostly a peaceful expansion.

In the XII Century the Mongols, the yellow race of Asia, started their migration period and flooded the East of Europe; Mongols, under the Generals of Genghis Khan, washed the hoofs of their horses in the blue waters of the Adriatic. The Slavonic races ultimately repulsed the Mongols, who fell back. But for more than two hundred years the Russians were in continual contact with the Tartars, and for over a hundred years the Russian Princes paid tribute to the Khans to protect their country from new invasions of those fearless warriors. The contact with the Far East was well established. In the XIV Century the Mongol upheaval gradually declined and the Slavonic race spread East through the northern part of Asia. The mountains of Mongolia and North China divided this part of the Continent; on the north, the Russians, on the South, Mongols and Chinese, each with their particular culture. Could it be that the culture of China had no influence on its northern neighbour—Russia? Has the migration period ended for the whole of the people who are scattered on this vast continent? Yes, and no. Yes—for the few town dwellers and perhaps for the south-western part of Russia, which came under the influence of Western European culture. No—for the larger part of the population, 80% tillers of the soil. The intensification of labour and culture comes only when there is no urge to shift to better land. To illustrate the migratory urge, may I quote my experience: After graduating from the University, I settled on a farm; for ten years I had a coachman who was married, had two children, and seemed happy. One Spring there was a rumour that far away in the northern part of Turkestan good land was available. He became gloomy, restless, and with a few neighbours left for Turkestan with his wife and children. The work proved too hard, so, following the course of least resistance, he moved further east close to the shores of the Pacific and may still be migrating. According to the official figures, many hundred thousand people move East and scores of thousands return to their old homes only to move again within a few years. This constant urge to migrate East in response to the appeal of the vast plains is very common.

As early as the XVI Century we find forces trying to stop this migration by the attachment of the peasant to the ground where he worked. This brought into existence the bondage of the peasant to the earth, which prevailed in Russia through the XVI, XVII, and XVIII Centuries, until 1861, when the peasants were liberated and land taken from the landowners, was given to the peasants by the government. This occurred without any disturbance, as the land owners had always possessed the land under the Title of Service to the Commonwealth of the State. The landowner himself was liberated from his bondage to service in 1785 by Catherine II, who was influenced by Western thoughts. This principle of service to the commonwealth is one of the leading forces throughout the history of Russia. Not Force and Conquest—but Service. The peasant is bound to the soil so that the land owner may serve the government. The old name of this class was Service Class. It was only under Western influence, in the Imperial period, that this class bore some resemblance to the nobility of the West, and even under Peter I, it was not a closed class. Any service to the State might bring a man from the lowest strata to the highest ranks in the Service Class.

In the middle of the XIX Century, Homiakoff, a prominent leader and poet of the Slavophiles, prophesied that, as the Sun starts its journey from the East and as the light of Christianity came to mankind from the East, so the predestination of Russia is to blend the mysticism of the East with the progressive materialism of the West. "Russia cannot be understood—you can only believe in Russia."

This brief outline of Russian history has perhaps given you some idea of the difficulties confronting our school education. Russians have the reputation of being dreamers more than being concerned with reality. Till the reign of Peter I, at the beginning of the XVIII Century, school education was almost entirely under the control of the Greek Orthodox church. Although there was some contact with Poland, the wall between the culture of the West and Russia was very high, until Emperor Peter I cut a window through to the West. From this time Western influence grew, touching mostly the town dwellers and those who served the Central Government. The rest of the nation took only the external forms of civilization. This explains the wide range between Russia's great cultural contributions, her long list of outstanding names in the fields of science, literature and music, and the primitiveness of the overwhelming majority of her population.

Peter I instituted the lay schools to supply the needs of the State, and this trend advanced in intensity and quality as the influence of Western thought increased. Later in the XVIII Century, in the reign of Catherine II, school education received a strong impetus. The Academy of Science at St. Petersburg and the first University of Moscow (1755) were instituted, and boarding schools for girls were also introduced. Although Germany was a close neighbour, the prevailing influence was French. Voltaire, a correspondent of Catherine II, the immigrants from the French Revolution, and the prisoners of the War of 1813, made important contributions to Russia's culture.

Under the influence of the Revolution of 1848, dissatisfaction with the schools' inadequate teaching created a school of thought called Nihilism, whose goal was the liberation of the individual from all bonds; this was opposed to the idea of the Bolsheviks to-day, who sacrifice the individual for the sake of the community. About 1863, the Minister of Education, Count André Tolstoy, under German influence, advanced the theory that Russia's failure was due to her neglect of the classical, sophistical studies. His slogan was "away from the realities of life and progressive ideas, and back to the past—the Golden Age." The study of classical languages, with all their glorious history, resolved itself into a brain-cramming process regulated by the preconceived patterns of the few. This movement was not popular with the Czar, nor with the majority of the Nation, but received an impetus through the attempted assassination of the Czar by the Nihilists. This school, instead of healing past defects, gave Russia generations of intellectual people not prepared to cope with reality. Ideas, mostly of German philisophical origin, which were not tested by the laws of Nature, were taken literally with no sense of their real values. Dostoevsky, in the '70's, especially in his work "The Possessed", prophesied a type of Superman (as Nietzche did) with his goal—the complete destruction of the social structure and standards of civilization, and the crushing of the individual for the benefit of a community, understood and led by the few.

The reforms of Tolstoy could not stem the tide of pedagogical progress. A strong current of thought would not acquiesce in the idea of a school torn away from life. But it was only in 1908 that it was possible for the Duma to achieve great improvements in the schools, both quantitatively and qualitatively. An extensive network of primary schools was started all over Russia; with the reforms of 1915-16 a school was introduced that made possible the co-ordination of general education with vocational preparation. Those reforms answered so well the needs of the time that even the outburst of the revolution has not changed their trend, although it changed some of the fundamentals of the curricula. Time alone will reveal the relative values of the courses.

Turning to the ruling class of Russia, we find that people of all nations have held office. Taking the list of officials during the Imperial period, we find descendants of Genghis Khan, an Armenian Prime Minister, a Frenchman, many Tartars and Georgians, Germans of the Baltic Provinces, and Poles.

Is the Russian essentially a family man or a religious man? The yardstick of Western thought is useless for understanding the position. If you will bear in mind that over 80% of the population is rural, that the vastness of the land does not tend to intensification of personal effort, and that their only aims are to bring more land under culture, you will quite understand that a man's desire is to have more and more laborers under his orders. This is the patriarchial idea of the East, the economic reason for his being a family man. Religious and moral influences were always in favor of family life. Certainly, through the revolutionary upheaval, the ties between the old and the young were strained, often destroyed, but we find from reports of eye witnesses that the efforts of the present leaders to destroy the family have not met with great success. The love of children and the principle of duty towards the family prevail. Take the case of a man I know in Paris who works in a factory, and although touched with tuberculosis, refuses to quit his job saying, "I have my wife, my mother-in-law and my child to support." A Russian will send his children to day nurseries, but will refuse to let them go to boarding school away from their parents, unless in dire need. It is an established habit among Russians who have gone away to work, either elsewhere in Russia, Canada or the United States, to send their surplus earnings back to their family, to be used to reconstruct or enlarge their holdings. Do you know how much they sent from the States in 1929? Approximately $400,000.

Illustrative of the abiding religious feeling among the peasants, are many daily customs and expressions. It was very unusual to see a land tiller, or a workman, start his work or break his first crust of bread without saying a short prayer and making the sign of the Cross. In the south of Russia the greeting words between people on the street were: "Glory to God". The veneration of ikons in Russia is often explained by Western students as a superstition, and even as a form of idolatry. But they forget the Oriental influence in the Greek Orthodox Church; this symbolism is a way of representing abstract ideas by images. Their prayers are to alleviate suffering, appease the wrath and implore the blessings of God. The Oriental fatalism takes the form of obedience to the Will of the Almighty. A pamphlet of the the Anti-God Society which I saw some time ago bemoaned the fact that the anti-religious campaign was not producing expected results—they figured that there were at least ten million people in Russia who could not be converted, and were ready to die for their religion, and about fifty million more who were supporters of the Church. Compare even these doubtful Communist figures with the membership of the Communist party which is under two millions.

"Russia, the land of boundless possibilities", has been the slogan for many generations in my country. Perhaps now, with more knowledge of the natural resources of Russia, such an assertion will not meet with protest in Western countries. It is well known that Russia has an abundance of all raw materials, oil, timber, ores, all minerals except nickel. Only since the beginning of this century have the natural resources been duly surveyed for commercial purposes. Previous to fourteen years ago, all explorations were guided by sound economic laws. I do not think that any unprejudiced observer will find that these laws obtain at present. Many enterprises are operating to-day that were planned before the war and abandoned when found to be commercially impracticable. For example, the Hydro-Electric plant on the River Dnieper, or the Turkestan Railroad. The rivers of Russia present boundless possibilities for producing white coal, but lack of free capital, an undeveloped market, and the small impetus for intensification of labour demand a gradual development of this water power. The industrialisation movement began to make Russia more independent at the end of the XIX Century. A big impetus was given to this movement after the Russo-Japanese war but it was done gradually without breaking away from general economic laws, and with regard to the welfare of the whole nation. For instance, the cutting of the timber was restricted by laws in order to preserve future growth.

After the liberation of the peasants in 1861, when more than half the arable land was given to them, the policy of the Russian Government was to democratize the ownership of the land, taking from big land owners and giving to the peasants. Two State Land Banks were instituted—one for land owners for mortgage purposes, and one for the peasants—to buy land and resell to the peasant on a liberal instalment plan. By 1914 only 25% of land was in possession of the land owners, the rest being in the hands of the peasants, the small holders. The parcels of land were adjusted among the peasants through the land organization started in 1908. A vast program of help to the farmers was worked out. Russia was covered with a net of nearly six thousand agronoms (agriculturists), and co-operative use of machinery gradually spread over the productive areas; credits on co-operative principles were fostered and helped by the State Banks, but the tiller of the soil retained ownership of his land and the benefits of his toil. Naturally, he wished to make his farm self-supporting for himself and family. The type of farming was mostly mixed. Few cereals were marketed from the peasants, and the export capacity was based on the produce from large estates. After the revolution of 1917 the big estates were divided among the peasants. The figures for cereal exports fell very low. How could it be otherwise when, at the time of the revolution, wheat had been put under the plough? There were vast reserves of land far away in Siberia, but it was too far East to be put under wheat, as economical transportation by railway was prohibitive. There are also reserves of good land in southeast European Russia, but they are mostly in the region of heavy droughts, and without irrigation cannot be economically used for cereals. This land is mostly a plateau high above the water line of the rivers. Russia renewed its export of cereals when the land was taken away from about 40% of the peasants, and the cereals for export were cultivated in State farms and so-called collective farms, virtually depriving the nation of wheat bread.

In 1910, when we were preparing a revision of our trade treaties, an extensive survey was made of the whole wheat situation, proving that Russian wheat exports were on the decline, and had no future economical possibilities to compete with Canada, Argentine and Australia. It stated that the capacity of these countries to export economically ever increasing quantities of cereals, was growing, and that the turn of the tide for Russia would come only when the reserves of good wheat land in the three first countries were exhausted, and prices would warrant irrigation and extended transportation. Three years ago a friend coming from Russia corroborated this statement, adding that the increasing population required an half million more tons of wheat yearly for Russian consumption.

The problem of vital interest to Canada is whether Russia will continue to be a competitor in future world wheat markets. From what I have outlined, it follows that, under conditions of natural development, the exportable surplus of cereals in Russia must inevitably decline. With the lands now available for economic cultivation, the individual peasant farmer can only attain a higher standard of living by consuming more of what he produces, and by diversifying his methods of farming, and therefore cutting down the exportable surplus. In Canada, where the proportion of untouched land available for cultivation is very much greater than in Russia, the problem of growth is entirely different. A farmer, to raise his standard of living, can acquire more land and raise more crops to sell for export. In Russia, only under abnormally forced development can an exportable surplus be produced in large quantities. I hope that I have not over-taxed your patience in trying to cover such an enormous question as Russia. May I thank you for your indulgence, and may I remind you again that in considering Russia's historical significance and her destiny we must remember that the task of this Nation is to blend two cultural forces, the West and the East. (Applause).

The Chairman tendered to the speaker the thanks of the Club.

STABILIZATION OF MONEY

AN ADDRESS BY MR. P. A. O'FARRELL.

19th March, 1931

PRESIDENT STAPELLS introduced MR. O'FARRELL, who spoke as follows: It is a great pleasure to be present at the Empire Club this afternoon. My friend, T. P. O'Connor, has always spoken of me as the globe trotter, and I have been trotting over the globe for a little more than half a century. I was in Australia in 1877 when Mr. Balfour made what was, I think, the greatest speech of his life—his first great speech in the House of Commons. That speech was on the monetary problem. He was laughed at then—the public was against him—but he continued to plead the cause of monetary reform for fifteen years. To-day the greatest problem before the human race is the stabilization of money; not only stabilization of silver—it is just as important to stabilize gold. There is no stable money to-day. What is called money—bank notes, treasury notes, silver and gold—is not real money; it is counterfeit. Call it credit money, since that is what is behind it. Forty-four billions of credit money is circulating about the world—paper, debased silver, debased copper, and debased bronze. This is covered by eleven billions of gold, less than $5.50 for every human being. More than half of this credit money is pure inflation.

Sir Josiah Stamp, without question the greatest economist in England, and Deputy-Governor of the Bank of England, whom everyone respects for his tremendous knowledge, said ten days ago that the great disintegrating force to-day is the lack of a fixed standard of value. That statement does not come from a demagogue; but from a great banker and a great captain of industry. The interviewer asked: "How is it possible to speak of the lack of fixed standard of value?" and he answered, "That is at the bottom of all our troubles, and unless it is remedied chaos will come." You have nothing in the world to-day but fluctuating money.

I know that one dollar in 1872 or 1873 would buy more than four dollars will buy to-day. Money has slumped to 33% of what it was 60 years ago. In 1920 money had slumped to 25%, but since 1920 the value of gold has been going up. It slumped 75% in 60 years, but in the last five years has gone up 35%. England's national debt to the United States, as fixed five years ago, is thirty eight billions of dollars. France at the same time owed sixty billions of dollars, and the French Government and financiers said: "We can never pay sixty billions. It is impossible". They appealed to the people, who had loaned them this money to help win the Great War, and the people of France replied: "Most of that debt is owed to us, but we will sacrifice the entire debt to put France on her feet once more;" they cancelled forty-eight billions. They cancelled two hundred million pounds sterling in England. I leave you to decide whether France was right. Sterling was at a discount at that time. Ten bankers sat in conference, with one economist and a Treasury representative. The economist said: "Gentlemen, England never can pay. If you try to pay in gold, remember that you put yourselves out of the running as manufacturers competing against Germany, France, Belgium, and the United States. Do not attempt to pay thirty-eight billions in gold." But the ten bankers and the gentleman from the Treasury said: "England must pay in gold." It is true they forgave ten or twelve billion to the continent of Europe. This was splendid, but it put the burden on their own workmen who pay the taxes. I do not believe it is possible for England to pay that thirty-eight billions in gold even if she stays on the gold standard. England agreed to pay thirty-eight billions in gold five years ago, but the purchasing power of gold has gone up 35% since then. Sir Josiah Stamp made the statement: "England's debt has increased in five years by twelve and a half billions. If the purchasing power of gold goes up another 20% England will be bankrupt, and the world will follow." Some people think that governments or bankers can create money. There is no other money but what nature provided for man. Money is a slang phrase for exchange. Money is not gold, silver, copper, platinum or any other valuable metal; money is the exchange value of one commodity for another. The man who says that you cannot have gold, silver, bronze, and platinum money, is not worth arguing with. (Laughter). I would like to see all precious metals stabilized. I am here to plead for the stabilization of gold, for if you cannot stabilize gold, then capitalism is doomed to die, and with it this civilization.

In Los Angeles a month ago I was asked: "Has Canada any better banking system than we have? In the last year 1300 of our banks were closed—(laughter)—and nine hundred million dollars of deposits were tied up." I had the pleasure of telling them that France and Canada had, I thought, the two safest banking systems that existed.

Colonel Winston, a great orator from the West, was at a convention in Washington as a candidate for Attorney-General. He was a brilliant speaker, and during his speech a gentleman asked if he might question Col. Winston. The Chairman allowed this. Now, Col. Winston was completely bald. The gentleman said: "I would like to ask Col. Winston to account to this Convention for the unequal distribution of wealth." The Colonel replied, "I would like the gentleman to account to this Convention for the unequal distribution of hair." (Laughter).

The bankers of Europe, led by the Governor of the

Bank of England, made the statement that the world's woes to-day are caused by unequal distribution of gold. In my opinion they were as ignorant as the man who wanted Colonel Winston to account for the unequal distribution of wealth. Suppose another eleven billions of gold were discovered and distributed evenly over the world. This would not increase the price of a bushel of wheat in Saskatchewan. If your gold standard continues, the farmers of the United States and Canada will be selling their wheat for 50c. a bushel this year. When I was in the West I asked Mr. Pat Burns about the cattle trade. "We have more hogs than ever," he said, "but the old bull or the old cow is selling for $10.00 to make sausages." Ten or twenty years ago the hide of a cow was worth $20.00, and should be worth that to-day. They are raising cattle in the Peace River district and losing money on it. Money is lost on every bushel of wheat produced in Canada to-day, and this will continue. In the Orient millions of people are without proper clothing, food or shelter. Why? Because the white man has robbed the Orient. Robbery is a hard word, but one cannot speak gently of this situation. There are also fifty thousand people in Asia who are rich, but they do not know how long they will be rich. There are eight billion ounces of silver in Asia; some is in the shape of jewelry; more is hoarded away. The savings of Asia are almost all in silver—except in India, where a great deal of gold is hidden. Eight billion ounces of silver! The value of that silver when the white man came to Asia was over twelve billion dollars; to-day its value is two billion dollars. Ten billions of purchasing power taken from the people of Asia! Who did it? I am sorry to say that England was the leader.

Mr. Darling, the biggest banker in the Midland Bank, has made this statement: "Common justice and common sense urgently demand that the British Empire take the lead in restoring the equilibrium of gold and of silver on which the economical structure of the world rests." I would like some of your bankers to explain that sentence, and to explain Sir Josiah Stamp's view. They say, "Oh, they are talking through their hats." I am not talking through my hat. I know that the salvation of civilization depends on the stabilization of money. That is not a dream! The money of the world for several thousand years was stabilized metallic money, until the bankers of England scuttled the price of silver, and scuttled half of the money of the world; that is why you are all suffering to-day.

Gentleman, I regret that I have spoken too long, but I would like some other time to tell you a little more about this great problem of foreign trade and reformed money.

The President conveyed the thanks of the Club to the speaker for his address.

THE BRITISH CONSULAR SERVICE

AN ADDRESS BY GERALD CAMPBELL, C.M.G., HIS MAJESTY'S CONSUL GENERAL, BRITISH CONSULATE GENERAL, NEW YORK.

26th March, 1931

MR. CAMPBELL was introduced by PRESIDENT STAPELLS, and said: In Washington the other day I met the Charge d'Affaires, Mr. Hume Wrong; I told him I was coming here to speak on the British Consular Service, and he said, "That is fine, because I do not think any audience will know anything about what you do." I said, "I do not know myself, and when the people ask me what I do during the day I have not the slightest idea." We are appointed by the King, and our commissions read, "by all lawful means to aid and protect our merchants and others our subjects who may trade with, or visit, or reside within his consular district." That cannot be done without the recommendation of the heads of the country in which we are to reside.

We never know when we may get a telegram saying that we are to be transferred, and asking when we could leave. We go where we are sent, and go with a smile. We may not know the language of the new country, but regulations say the language should be learnt in a given time, and we try to learn it, because you cannot gain experience otherwise. Before we quit this world we will be able to speak Choctaw. (Laughter). Soon after the war, in addressing a group of young consulars, I advised them to go willingly wherever they were sent. Years afterwards I met one of them, and he said that all he remembered of the address was what I said about having a piece of rubber pipe on hand so that if he struck a man over the head it would not leave a mark. (Laughter). He said that became known as the "Campbell method". (Laughter).

It is hard to be practically separated from one's wife and family, but in spite of, and sometimes because of the changes and chances, the life of a consular agent is an interesting and expanding existence. After six months of happy married life I was trekking in Africa, and my wife was at home. We each had a code book, containing what was called the Uno Code, and I often searched for words for a cable, wondering whether the word was spelt correctly, for the messages were often mutilated by native bearers. One evening I received a cable which was twisted, and there was only a difference of one letter between "daughter and mother doing well" and "twins both dead, mother dying". (Laughter).

In former days the consular service was a receptacle for those who wished to wander—Members of Parliament who had not come up to scratch, or who scratched too much—(laughter). In the Victorian era a book was written in which the consularate was mentioned with an asterisk placed against the word, and the note underneath read, "A consular is not necessarily a gentleman" (laughter). In 1905 the consular service was reformed, and the candidate for appointment had to show a degree from a recognized university, or have been called to the Bar, or enrolled as a solicitor, or have spent three years in a successful business house. He then took a stiff competitive examination. We had to work twelve or fourteen hours a day for a year, taking languages, mathematics, political economy, commercial and physical geography, and other subjects. The successful candidates were then sent to work in the Foreign Office or Board of Trade for six or eight weeks, and after a year's practical work they were paid a salary of £350. Nowadays, a man wanting to go into the service takes the same examination as the Foreign Office, diplomatic service or Indian and Home Civil Service, and is sent to an office such as Chicago, Paris, or Antwerp, to be supervised and coached. After two years there he becomes a Vice-Consul proper, and it is my experience that the Government service is the hardest to leave once you get into it (laughter). A man is a Vice-Consul ten or fifteen years; a Consul ten or twelve years; and a Consul General ten or twelve years; retiring at sixty with a pension from a grateful government. There are 378 consuls, or salaried consular offices, in the British Empire. In the matter of salaries the government has been more generous since the war, and the service has consequently reached a higher level. The consular service is not amalgamated with the diplomatic service, as it is with most other nations, which I found advantageous.

Our most important work is in connection with trade and commerce. Every year we make a trade report, but I may tell you, as a dead secret, that we generally get some friendly merchant to write the report, and we take the credit. During the war the Department of Overseas Trade was started, and it is interesting to note that the High Commissioner in Ottawa, Sir William Clarke, built up that Department more than anyone else. Then we work with the Mercantile Marine. Every British vessel staying more than forty-eight hours in a foreign port has to deposit its papers with the consul. Seamen are engaged or discharged, and in many cases are left in our care. Any trouble between the master and the junior officers, or between the master and men, is brought to us, and regular reports are made. There is the question of repatriation. Some British subjects, especially in these days, think that we have a vast fund, out of which we can afford them passages de luxe back to the mother country. We try to help any British subjects in the city where we are living. In San Francisco I was able to raise a British benevolent fund, and with that we looked after the people there, feeling that they had established themselves, and it was better to find means of livelihood and clothing, rather than send them back to add to the number of unemployed in Great Britain.

We look after the property and estates of deceased British subjects, generally those who die intestate. We have a certain amount to do with the question of nationality, including the granting of attestations, and the granting of attestation facilities in deportation cases. At present there is a drive in the United States to find and deport aliens who are not legally in the country, and also criminals and other unsatisfactory persons. This is compliated by reason of an Act passed in 1923 under which the wife does not take the nationality of her husband.

We deal with extradition matters, and in New York especially we help Canadian officials. There is notarial business to be done, the requisition of documents to be used in any part of the British Empire; the registration of deaths, and the birth of a child in the foreign country, also registration of his nationality when he or she comes of age. It may not be known that the consuls perform marriages for British subjects in all countries except Germany and the United States, even if only one party is British. In all other countries the consular marriage is the real marriage, and the church marriage is supplementary; the record is sent to Somerset House, as are the records of births and deaths. Some years ago, at a port in Brazil, there had been a salaried consul who had a marriage warrant; however, as that post was closed, an honorary consul was set up in his place. The salaried consul had taken the marriage warrant away, but forgot to take the registers. The honorary consul saw these registers, and married about five people, sending in his returns. He received a frantic message from the Foreign Office to notify each couple that they were not married and would probably have to have their marriage legalized by Act of Parliament. This poor fellow wrote his letters of explanation, packed his bag, and sat on the pier, hoping that the next steamer would come in before the enraged couples came down on him. But his fears were groundless, because the enraged people did nothing of the kind; he received the most friendly letters; one man asked him what was his favorite brand of cigars. (Laughter).

We never know what we may find in a day's mail. We get letters from prisoners, all innocent, even though they have pleaded guilty. We have wives looking for husbands, and sometimes husbands looking for wives, and a surprising number of people who are not quite mad enough to be locked up (laughter). One day a woman came to see me and said she was being followed and persecuted by a man who threw electric sparks on her, and the result was that she had to wear asbestos underwear. (Laughter). We have daily visitors, and cannot begin to dictate or write letters until the office is closed. These visitors are most interesting, for they come to us as though we were doctors, clergy, or lawyers, or all three in one. From them we get a wonderful insight into human nature and human relationships; and I probably have the same idea as you—some human nature is good and some is bad (laughter). The telephone never ceases ringing. One day I had a call from an American citizen asking "Do you know anything about the inland tribes of Java?" I replied, "Yes, I will put you on to our expert; fortunately they had just sent up a new probationary vice-consul whose father had been a trader in Java; if the request had come a week later or earlier I could not have been of any help (laughter).

In all branches of our work we do what we can for the Dominions, and the Canadian Legation in Washington often corresponds with us in matters of extradition, rumrunners, etc. The trade commisioners in New York, Chicago and San Francisco, look after anything financial, industrial or commercial between Canada and the United States that may come to them; in other matters it is our business to work with the Dominions.

The representative or social side of a consul's life depends a good deal on the man and his wife. I may mention that my wife and I are out, or entertaining in our own home, every night of the week from November to May. Then there is the speech-making side, which I do willingly, because I feel that we need interpreters everywhere who will explain us in a sympathetic way. I make this confession unblushingly, although it does imply that I am trying to share Canada's endeavour to be interpreter and liaison officer between the two great English-speaking communities. I wish you more power to your elbow, because I feel there is too much misunderstanding of each other, and consequent disappointment. I speak for myself and colleagues when I say that we want to render any service that we can to this Dominion and any other Dominion. We are always glad to have a chance to do it. So may I wish luck to Canada—a land great to-day, but destined to be still greater in the very near future. (Loud applause).

Hon. N. W. Rowell expressed the thanks of the Club to the speaker, and from personal experience paid a hearty tribute to the splendid work of the British Consular Service.

THE WORLD DANGER AND THE WAY OUT

AN ADDRESS BY SIR GEORGE PAISH.

FORMER EDITOR OF THE STATIST (LONDON), FINANCIAL AND ECONOMIC EXPERT ON INTERNATIONAL AFFAIRS.

16th April, 1931

PRESIDENT STAPELLS occupied the chair. He introduced SIR GEORGE PAISH, who was received with loud applause, and said: I have been coming to America and Canada ever since 1899, and I have always endeavoured to fix my visit at a time when you were coming out of your depression, so that I could tell you the coast was clear, that all is well, and that you might feel some hope. (Laughter).

I have been much disturbed, ever since the war came to an end, with the way events were moving, and I was greatly afraid that the situation in which we find ourselves to-day would come, and might come at any time. It was prevented by the fact that the world has not lost its nerve since the war; people were willing to continue doing things normally, and to disregard the risks they were running. They did not understand risk during the war; every risk was taken. At no time in the world's history was the courage of men proved as during that war, and afterwards we still had that courage, and people went on with their business in the normal way, believing that all would be well. If you look back to the events since the war you will see that the bankers of the world, in particular, have taken greater risks than ever in their history. When the war ended many nations were knocked out, not only physically but financially. Rumania was one of them; she needed financing, and the bankers advanced a large amount of credit to those who supplied Rumania with needed goods. What was essential was not banking finance, but investing finance. It was physically impossible for nations to repay their loans. They needed long-term credit; and while it was a good thing that some kind of credit was given them, if those who were in charge had understood the matter they would have made available investment credits, so that the capital had not to be repaid within a short time. I want to make these things clear to you, as business men, in order that you may see how our situation to-day came about, and therefore, what relief measures are necessary. Throughout the war we were all financed, directly or indirectly, out of government money. Bills sold to governments were paid by means of government loans made from investors, through the assistance of the banks, and during the war there was practically no risk. But when those loans came to an end the risk increased enormously. Every person had to meet his own liabilities, and there was no great fund of money coming out through government loans. When the exchanges were unpaid in March, 1919, it was a sign that the Governments had stopped financing the business of the world.

Some of you, doubtless, think that the bankers are not very courageous at the present time. I am not a banker; I am merely an observer trying to ascertain the facts, trying to see things clearly; but I do not know what would have happened to the world, to us in Great Britain, to you in Canada, to the people in America, if the bankers had not shouldered the tasks they have, since the war. The amount of bank credit created since the war is indeed fabulous; we have all been living on bank credit without knowing it. The other day the Chairman of the Executive Committee of the Chase National Bank, in a most admirable address, pointed out that in the five years ending 1928 the American bankers created nearly £3,000,000,000 of credit. Just imagine the bankers of one country alone creating something like £600,000,000, of bank credit in a year. The war threw us out in our calculations; during the war we thought in thousands of millions, and we have been thinking that this condition could continue. Compare that £600,000,000 a year of new bank credits with the amount of bank credit that was created before the war, and you will at once see how fabulous the sums were. In all the years up to 1914 the American bankers had only created total resources of £4,000,000,000, at the rate in later years of something over £100,000,000 a year of deposits alone. From 1914 to 1930 they increased their resources from £4,000,000,000 to £14,000,000,000, in recent years at the rate of some £600,000,000 a year. This could not go on; it was physically and economically impossible. The bankers did not wish to stop granting credit, but they were justified in doing so by the condition of their customers. There has been no contraction of bank credit. The idea that the world has been brought to its present position because the bankers have called their loans is not true. The situation has arisen simply because the bankers could not go on increasing bank credit at the same rate. It meant that in 1930 there was a reduction in world buying power of something like £1,000,000,000, due to the absence of expansion of bank credit—no contraction, but absence of expansion. There was as much credit out in the world as before, but there was not that increase in the buying power as in the previous year; and that stoppage of bank credit is responsible for this great fall in prices from which we are all suffering.

I wanted to give you that survey in order that you might understand where we are. As far as the business men of the world are concerned, in my judgment they have done everything possible to maintain world prosperity and make for advancement. You cannot look around the world to-day, at Canada, Great Britain, America, or any other country—without seeing that the business men have prepared for great business; industries operate on a greater scale than ever before, capable of handling enormously increased trade. In the same way, bankers are in a position to-day to give infinitely greater credit than before, and are prepared to do so if you will provide them with the necessary security. (Laughter). The world is waiting for great business. (Laughter). No, no, you cannot expect bankers to give you loans if you have not the proper security. (Laughter and applause). Banks are organized for safety; bear that in mind; they are not justified in taking risks. Look at their balance sheets and you will at once see why. The margins behind the deposits in the banks of some countries—the capital and capital reserve—represent something like six per cent. of their total funds. That does not permit any institution to take risks. Again, the deposits are callable on demand. Let any banker make large loans that are believed to be poorly secured and it will not be long before he finds that the depositors are asking for their money. Bankers dare not take risks. They can finance good business. Give them security, and you will have all the money you need. The great difficulty now is to find that security, and to find men of sufficient enterprise and courage to take risks in a situation of this kind. That brings me to this point, that under existing conditions the world has over-borrowed. Look around the world and see. It is not that the bankers are refusing to grant credits before they should have done so; they have granted too much credit. The world of business has been conducted and carried on because the bankers are willing to grant all this credit. Why can it not continue? Why should not the bankers go on increasing their credit and the investors subscribe freely for new security? Because the policies of nations are such that debtors are finding increasing difficulty in meeting their liabilities. Every country in the world to-day is engaged in preventing trade, not in extending it. The businessmen of the world are keen for business but the statesmen and the politicians are blocking it.

I do not want to give you my own view only; I want to repeat to you the words uttered by Mr. Walter Leith. Chairman of the Westminster Bank in London and Chairman of the International Chamber of Commerce in Paris, just before he died; and I may say that his anxiety about this situation was so great that it led to his death; he said he wished to compliment the statesmen and politicians of Europe on the success of their policy. They had endeavoured to impede trade by every means in their power; they had increased tariffs; they had imposed embargoes; they had created licenses; they had done everything possible to interfere with the flow of trade from country to country. No one could doubt their success; but he said it had one fatal draw-back—it meant the suicide of Europe. What I want to say to you gentlemen is this; the statesmen and politicians of the world are passing measures that involve not only the suicide of Europe, but the suicide of the world. Unless you insist on a change you will be in such distress that nothing can prevent universal bankruptcy.

I do not want to make that statement without proving it. Look around the world; look at the difficulties of the debtor; look at the extreme difficulty there is to-day in selling goods in foreign markets—the extraordinary difficulty—and if you cannot sell your goods, how are you to pay your debts? Bear in mind there has been an immense expansion not only in national credit, but also international. The world debt has increased enormously during this time—nation to nation. Since 1914 America has loaned to the world £5,000,000,000—more than Great Britain had loaned to the world in all the years before the war. The world is heavily indebted to America to-day and as the world's difficulties increased, as the need to sell goods in America increased, the American Government made its tariff higher and higher. How can the debtor pay if a great creditor nation refuses to take payment?

Again, I want to say this to you—and I say it with great regret—we in Great Britain are faced with the prospect of protection. One of our great parties is advocating protection. They say—I want to be quite impartial—"All the world is putting protection against us; why should not we impose protection also? Why should not we make it as difficult for foreign nations to sell in the British market as they are making it difficult for Great Britain to sell in their market?" We are the other great creditor nation; we have some £4,000,000,000 of our capital abroad. We need to buy the world's produce yearly if the debtors are to pay. If there is a change of government, a government will come into power pledged to protection; we are proposing to exclude, if we can, the produce of our debtor. Under such circumstances how will it be possible to avoid universal bankruptcy? It may be necessary for Great Britain to go to war, economically, as she went to war physically in 1914, in order to bring the world to its senses. But it does not mean improvement; it means we are all in greater distress; we shall be at war—economic war—because our people say, if you point this out to them, "We realize that war hurts, but the essential thing is that we hurt our enemies more than we hurt ourselves." But what value is that to the business man who must meet liabilities? You will realize, therefore, that this present situation is extremely dangerous and difficult. If you were to ask me I would admit that the situation is quite unnecessary. There is no fundamental reason why there should be any trade depression in the world to-day; it is entirely due to the prejudices, the racial enmities, the preconceived notions of people all over the world who have not understood that we must become international in our outlook and in our trade; they wish the world to remain nationally-minded; they wish their nation to remain purely national.

You in Canada in particular, and we in Great Britain in particular, must acknowledge that the time has come when we must think internationally. How can Great Britain live without the world? And can the world live without Great Britain? To a Canadian audience I may say this, I think, without any fear that you will disagree—look over this modern world of ours; see what it is composed of; how has it been built up? Clearly by providing the world with inventions—railways, steamboats, and beyond that, with the credit system. Who has provided the railway and the steamboat? Who has made the modern world possible—the modern world of business and of credit? I am sure you will agree with me that there can be only one answer; the country above all others that has created the modern world, and needs the modern world, and must preserve the modern world, is Great Britain. (Hear, hear, and applause). Without wishing to blow the trumpet of my country, I as an economist—one who tries to see what is true—acknowledge that this modern world is the creation of Great Britain in no small degree; and I have also to acknowledge that if we are to get out of these difficulties we shall have to get out through the leadership, if not of Great Britain, of the British Empire. (Hear, hear, and applause). The question is, are we prepared to give the lead? Now, what is the lead that is necessary? What can each one of us do under these conditions? First, get rid of our prejudices; secondly, get the facts, find out what the situation really is, and bring the best judgment you can to the solution of the problems that will face you. What are these problems? First, there is the debt problem—the debt of one country to another. You have at this time not only the normal debt, you have the war debt, the inter-allied debt, the reparation debt. Anyone who studies the present situation as it needs to be studied must conclude that these war debts and reparation debts are greatly reducing the consuming power of Europe, and that if they were abolished at once there would be a greater demand for foods, raw material, and many other things, not only in Great Britain, France and Italy, but in Germany.

Perhaps it would interest you to know how very much Germany is responsible for this situation into which we have been plunged. Ever since the war Germany has been borrowing very heavily. In the early years after the war Germany borrowed, in a sense, by selling pieces of paper that carried no interest, and finally carried no value. (Laughter). It is calculated that she has sold some £400,000,000 worth of that paper in the markets of the world, and by reason of that sale was able to buy what she needed at that time, and to make the payments she did. Since 1924, when the Dawes plan was introduced, Dr. Sharpe maintains that Germany has borrowed abroad £1,000,000,000—a great sum to have borrowed in that period. That money has been lent by America in the main, and by Great Britain. In the early months of 1930 France began to lend to Germany. Unfortunately, the Hitler election came along, France was obliged to stop lending, and recalled her money. What has been the result? During the past year Germany has not been able to borrow, and her imports in one year have gone down £170,000,000. Let any nation's purchases drop to that extent, and one need not go very far to find the cause of a great fall in prices. At the present moment Germany's buying power is seriously reduced by the fact that she has to pay some £87,000,000 a year for reparations. Beyond that she has to pay some £50,000,000 or £60,000,000 a year for interest on the money she has borrowed; making a total of some £150,000,000, that she must remit by selling German goods in the world markets in competition with other goods. Before the war she was entitled to receive from other countries some £70,000,000 a year for interest, and to receive a substantial sum for shipping and other services. The situation to-day is that Germany needs to sell some £250,000,000 worth of goods more than she sold before the war, in order to buy the same quantity of produce that she bought before the war—a disturbing factor of great moment. If it were possible to abolish German reparations so that there was not this extraordinary pressure on Germany to sell, it would have a wonderful effect in increasing the buying power of Europe and the selling power of your people on this side who have so much food and raw material to sell.

The Russian problem is one of great difficulty, causing us all anxiety. We wonder what should be done about it. As you know, she is offering her produce to-day in the world markets at lower prices than you from Canada are offering yours. Can anything be done to reduce this Russian competition? Why is Russia offering produce at those low prices? The answer comes at once, that she has bought vast quantities of goods, machinery in particular, from other nations, on the instalment plan, and in order to meet her instalments she must sell her products at any price. That is the only form of credit that we are willing to grant to Russia, what the business men and the manufacturer chooses to grant; and if Russia were to fall down on these payments her power to get credits would be gone. Is it desirable that we should sell our products to Russia? At the present moment almost every nation in the world is trying to avoid buying. It is extraordinarily difficult to get new orders, as your travellers in various nations find out. And here is one country that is anxious to buy, and willing to pay the prices that you ask to cover the risks. How can we refuse orders under such conditions? It is impossible. If we in Great Britain refused Russian orders—I would go farther—if Poland refused Russian orders—and in Poland they are getting far more orders than we are in Great Britain—and if those in Germany and in Austria refused Russian orders, there would be greater unemployment and consequently greater distress; and I am sure you will agree with me that the danger of Communism, the danger of revolution, increases with every increase of unemployment. The way to fight Communism, and revolution, is by making the world prosperous, not by making it more depressed. (Applause).

Now if you will allow me, I will say a word about the Five Year Plan, because there is a great deal of misconception as to the situation in Russia. I want to do so because I think it will relieve you in Canada from many anxieties. Owing to the war, and to the revolution, business in Russia broke down completely, and at the end of the war the towns of Russia found themselves with no income. The nobles, who were the land-owners, used to spend their money in the towns, but they had been killed or driven out of the country. The manufacturing power of the country was nil. There was no foreign trade, no imports and no exports, and therefore the townspeople were threatened with starvation. The government which came into power, whether it was Communistic or otherwise, had to do those things that would enable the cities to live, and under the conditions that then existed there was nothing for it but to commandeer food from the peasants. There were no means to pay them. The peasants would not sell their grain. They said, "We have had enough paper money; we want boots, clothes, steel, anything"—but there was nothing to give them. The Five Year Plan has been devised for the express purpose of enabling the towns of Russia to produce material things which they can exchange with the peasant farmers for food. That is a message of hope to Canada. At present the people of Russia are not getting enough food. Rationing is severe. As soon as they produce enough manufactured goods to exchange for the food of the peasants their consumption will show an extraordinary expansion. I am convinced that at the end of the Five Year Plan, if it is successful—and even if it is not fully successful it will mean a great increase in the manufacturing power of Russia—Russia will no longer need to press her foodstuffs on the world markets. She will have a market in her own country for her foodstuffs, and you in Canada will be relieved from the great competition to which you are now subject; this is a matter of great moment to Canada and to the world. It is of no value to any country that part of the people should be starving, and I hope nothing will be done to interfere with the success of that Five Year Plan. I am going farther still. I am opposed to Communism. I believe in individualism. I know that you cannot destroy Communism unless you destroy want. If you will give every person a decent livelihood there will be no danger of Communism. (Applause). I am convinced that if Russia becomes prosperous there will be a change of government—I hope not another revolution; I hope the government that exists to-day will slowly change into one that we can thoroughly trust. I should like to say—I am sure you will forgive me if I say—that I am a Liberal, an English Liberal—(laughter)—and what I should like to see in Russia is a Communistic government slowly changed into a Liberal government. (Renewed laughter).

I would like to ask the peoples of all nations of the world to be patient. We have just seen a revolution in Spain; last year we saw revolutions in five South American countries; there is a revolutionary movement in the Far East, in India, in Burma. Those movements, as far as I can ascertain, are fundamentally caused by this economic situation. When any country is in distress the people blame their government. That is the natural thing to do, because if the people become prosperous the governments take all the kudos. (Laughter). But I would beg the peoples to realize that at the present time the difficulties of each country are due to a world situation, not a national situation. Everyone is in the same difficulty, and it is of no use to blame any individual government.

What the situation calls for is that the governments should come to an agreement to apply common and universal remedies. If any government refuses when invited to work for such an end, then let the people of that country attach to that government the blame that it will merit. But as yet there is no concrete official proposal before the world for the statesmen to come together with a view to common action for the rectification of this situation. I would earnestly plead with the governments to lose no time in facing the situation, so that it may not get worse. I look forward to the coming winter with feelings of great anxiety, because no effective steps are being taken either to understand the problems we are facing or to apply the right remedies.

Before I sit down I should like to suggest a remedy. I have referred to the question of inter-allied debts, to reparations, and to Russia. The other great matter is that the currents of trade throughout the world must be restored. In my judgment there is no limit to the possible trade if it is allowed to flow freely. I have watched the growth of trade over a period of nearly half a century. Again and again an expansion was stopped only by limitations. What the present situation needs is that all limitations to trade will be taken away. That means that every country would buy the things it has not the means of producing, and would sell the things it is especially fitted to produce. We have a large fund of banking and investing credit. That, in turn, means that we must have confidence, for you cannot have good credit without confidence. You must give the peoples of the world an unlimited prospect of advancing. If you will do these things, this present situation will clear up in a most extraordinary manner. Perhaps you will ask me if there is no danger. Supposing we take down our tariff, will not the goods of other countries destroy our industries? That has not been the experience of countries that have had the courage to take their tariffs down. The two countries in Europe, above all others, that have had no tariffs over a long period of time have been Great Britain and Holland, and those two countries are the wealthiest countries in Europe. If you buy freely and at low prices you will be able to reduce your costs of production; this enables you to sell freely and at low prices. You will agree with me, I am sure, that Great Britain's record is marvellous. From the end of the forties up till the war, Great Britain presented no artificial obstacles to the trade of other countries. She invited every country—manufacturing countries as well as food countries—to send their products to Great Britain. She imported freely and what was the result? Did the foreign goods destroy British industries? Not one industry was destroyed! every industry was fostered. In that time our export trade grew from £50,000,000 to £530,000,000; our wealth more than doubled; our income grew something like threefold; and during that period we sold to other nations nearly £4,000,000,000 worth of produce more than we bought. No other country in the world has such a record; and it is not possible to have such a record unless you have the courage to stand up and say, "We are prepared to face any country and have fair and reasonable competition." That is what Great Britain has been doing. You, her sons and daughters, will be proud of her as I am proud of her. (Loud applause).

I have only this to say in conclusion; the present situation, the immediate outlook, is exceedingly difficult. As soon as the peoples of all countries can get the right point of view, the change will be extraordinary. It will be as though we came out of the darkness of night into the noon-day of summer. I am not a pessimist; I am an optimist. (Applause). I believe the world has a great future. I believe that we can overcome the difficulties that present themselves. We must let the people know the truth, and they will act accordingly; as soon as this happens we will develop into a wonderful world. There are no physical barriers to-day, either to production or to distribution. The railways of the world are everywhere; shipping is sufficient and safe to a degree never before known; motor cars go everywhere, to districts that were previously cut off; aeroplanes will take you from any part of the world to any other part in a few days; distance is annihilated. That means power to produce, power to distribute, power to consume, greater than has ever before been witnessed in the world's history.

Gentlemen, let us get this power into operation. Let us produce all that our wonderful world is capable of producing, and distribute it to that great mass of people who are to-day in poverty. Three-fourths of the people are still under the poverty line. Let us bring them out of it. Let them produce what they can and exchange their production for the things that other people can produce. There will be an extraordinary expansion in world prosperity. I am optimist enough to believe that within a short time poverty will be driven not only out of this or that nation, but out of the world. (Hear, Hear). Let that come. See what expansion of trade there will be. You will not have any difficulty in Canada in selling your food, your wood or your nickel; the difficulty will be to supply the demands that will come from all parts of the world for increasing quantities of food and everything else. Let us get through to that. Let us get rid of these small and foolish notions. Let us make ourselves, with the least possible delay, more and more international, more and more parts of a great family of nations. Is not that the destiny of the world? Was it not for that purpose that the Creator made this world, and put the human family here to enjoy its goods? Did He intend us to live in poverty when he gave us such wealth? Let us produce that wealth, distribute it, trade with it, make it available to all people, get rid of our present anxieties, come into the full experience of all that will lead up to this wonderful and great situation—

the time when the world will enjoy peace, when the relations of nation to nation will be the relations of friendship, when poverty will be replaced by affluence, and distress with the greatest enjoyment of life. (Loud and continued applause).

THE PRESIDENT remarked that the most impressive vote of thanks had already been moved, by the profound attention with which the vast audience had followed the vigorous address, so that nothing remained to be said to express the grateful thanks of the Club to the speaker.

THE BASIS OF PEACE

An Address by MR. RANDOLPH CHURCHILL.

23rd April, 1931

President Stapells introduced the speaker. Mr. Randolph Churchill was received with applause, and said:—I must first thank you for the all too kind way in which you have introduced me, and I must then say what a high honour I consider it, to have been invited here to-day, and how deeply touched I am at the kind manner in which you have received me. The emotions of an Englishman who has come along that line which was traversed by the United Empire Loyalists when they came to Canada may be left for you to imagine. It is like coming home. I have spent the last six months in the United States—that great land of the almighty dollar—and I can assure you that from every standpoint it is most refreshing to come to the Dominion of Canada. I do not wish you to imagine that the people of the United States have not been kind in attending to my comfort in every material manner. I do feel, in spite of the kind way in which they adverted to my youth, that I owe you a serious apology, for I came to this great continent because I had been assured on every side that it was the land of opportunity for youth, and I must confess that I have been somewhat chagrined and mortified at how untrue this appears to be. I have been astounded at the unkind, uncharitable remarks that have been made about me in some papers in the United States, but the curious thing is that I have never yet been criticized for anything I have said because, luckily, no one takes any notice of that. (Laughter). I have been criticized exclusively on the ground of my youth, but I always console myself by repeating some words my grandfather once spoke. I think he was the first of my family to be attacked on the ground of being what is called "a young man in a hurry," and when he was thus attacked he said: "Youth is no doubt a great calamity, and appears to excite all the worst conditions of human nature amongst those who no longer possess it." (Laughter). Since you have done me the honour of soliciting my immature opinions upon the subject of World Peace, it would be indeed churlish of me if I were not to give them with candour and sincerity.

I believe it is always a good plan in every public discussion to have a common basis upon which one can agree, and this is very hard to find. I have, therefore, selected a basis which is of such a platitudinous character that no one can object to it—the basis of peace. I do not like talking about peace, because people get so tired of it. We hear so much about it from such a great man as Ramsay MacDonald. People imagine they have to make speeches which will bring about the millenium, and vast years of peace will therefore stretch before us. I cannot hold those views. I feel that we of the younger generation owe an everlasting debt of gratitude to those of our fathers and older brothers who sacrificed so much such a short time ago in the defence of the liberties of the world—(applause)—and I am certain we are determined that that, for which so much in blood and treasure has been outpoured, shall not be cast away; and it behooves everyone of us as citizens of the British Empire to examine with great care this most urgent problem that confronts us.

There are at the moment three principal schools of thought by which various people are trying to achieve this universal goal of world peace, and to establish it on a practical basis. In the first place, there is a League of Nations. I would not say a word against the League of Nations. I think it is splendid to have some place like Geneva where we can send all the old men of the world who have perorations on their chest and wish to get them off. They can let them off on each other without boring us. I think it is excellent. (Laughter). Nevertheless, it is true that the League of Nations has accomplished work of a valuable character, and the efforts of that body are much to be encouraged; but the people with whom I join issue are those who imagine that the League of Nations gives us any great security from war. They will come to you in that moderate manner which is the affectation of all extremists, and say: "Oh, but is it not much better to talk over your dispute around a table than fight about it?" Of course it is; but the point is this: What guarantee have we in the sanctions of the League of Nations that people will thus act in times of crisis? Of course, they will not! If the United States were to join the League of Nations the benefits of that body would be enormously increased, but even then we should have no final guarantee. Secondly, there is the Kellogg pact. Fifteen great nations sent their delegates to Europe, and for many days they made a lot of boring speeches in a pompous manner, and then what did they do? They signed a piece of paper whereby they solemnly said that war was wrong and wicked. Of course it is refreshing to see such high purpose in the world; but what does it mean? It means nothing! In 1914 Germany was under most solemn treaty obligations to respect the integrity of Belgium, but when she thought it was to her benefit to forget, she referred to the treaty as a piece of paper. I must confess that, from the little I have observed of human nature, if you tell people not to do something they are rather more inclined to do it. (Laughter). Therefore I say in regard to the Kellogg pact it is too much to hope that it will be quite as efficacious as the 18th Amendment. (Laughter and applause). Finally, we have the school of thought which pins its faith on disarmament. We are assured that disarmament is the great goal, that only through it can we obtain universal peace. The extremists of this school say: "Would it not be wonderful if we got rid of all the armies of the world—have a completely disarmed world; then there would be absolute peace." Wars do not happen because people have armaments; they used to fight before there were machine guns. Even in the modern 20th century, if you abolished armaments, and people wanted to fight, they would fight with their fists and teeth. You might say that would not be as bad. Believe me, it would be infinitely worse. The most peace-loving nations of the world—the British Empire and the United States—have a virtual monopoly of the most intense forms of warfare, but we have not a monopoly of fists and teeth. You might be all right here in Canada; but think how we should feel in Europe with no armaments whatever. But there is the subject of limited disarmament, which is of more importance to anyone who takes an interest in world affairs to-day, and our latest and best specimen of disarming is the London Naval Conference. What happened at the London Naval Conference? One thing happened there, but no one seems to know about it, and few people who know about it seem to agree. Only one thing happened—the United States, Japan, Italy and France agreed to have larger armaments, and all agreed that England should have a smaller navy. I do not think I need to apologize for saying England instead of Britain; I am never allowed to say that at home, but here I think I can speak of England. The history of the British Empire throughout the centuries has shown that the British Navy has done more than anything else to preserve the peace of the world. How did she do it? Solely by the size of her navy. That enormous naval power was used almost exclusively in the interests of the human race.

All these enlightened men, world idealists, masters of the art of what they call in New York "bologna",—(laughter)—come to us and say, "Here is the low-down on world peace; this is the way to prevent war—scrap the British navy and we are all right." It makes me positively sick to see the way in which democracy takes things lying down. Survey the great democracies of the world to-day and see who is at the head guiding them. Why, they are men looking around to see who will support them; devoid of the qualities of leadership. If you look to Europe you will find three great leaders. In Italy you will find Mussolini; in Greece, Venizelos, and in Turkey, Hassan. I am making no plea for these forms of government in our country, but what I do most urgently bring before you is this: Here are three men of vastly superior intellect, men trained in better qualities than any we have produced either in America or anywhere in the Anglo-Saxon world—of infinitely greater character and ability. We have produced second or third-rate men, and therefore it is not seemly for us to pat ourselves on the back in regard to the merits of democracy. I believe we were told by the Americans that we were fighting to make the world safe for democracy. One of the urgent problems confronting us to-day is to make democracy safe for the world.

Another good type of conference to which I wish to draw your attention—and I say it with due respect to all parties concerned—is the recent Imperial Conference in England. To my mind—I am young and ill-informed—it seems extraordinary that prime ministers from dominions should travel a vast distance, at great cost of time, to London, where all the executive officers of the British Empire are, and when they get through, what have they done? They agree that the dominions shall have the right to secede. That is the only thing about which they can make up their mind! It does seem rather deplorable. Is this all our great leaders can do? Yet they come back with this small result, which does not seem of great importance. I am not attaching blame to any particular person in the matter. I was impressed by the stand that Mr. Bennett took, and I thought—seeing it from outside, as I was in the United States—that he was most uncivilly treated by all concerned; but that is all you can expect from a lot of politicians. (Laughter). Nevertheless, I would like to say this: That every one has interpreted Mr. Bennett's proposals as having been intended to please, and make it easier for the Conservative party in England; but I think it is most unlikely that if the Conservatives had been in office, even under Mr. Stanley Baldwin—that great and good man—that the terms which Mr. Bennett proposed would have been accepted. We have heard nothing but Empire free trade in England for the last two years. That great gift from Canada, Lord Beaverbrook—(laughter)—has been most prolific on this subject, and this is the only thing that has emerged: What the dominions want is for us to put a high tariff against all countries, and to bring wheat in free, and to get no concession in return. That is not Empire free trade. (Laughter) Empire free trade, if it means anything —and I very much doubt if it does—means that we will take your wheat and you will take our manufactured goods. But as soon as you mention taking manufactured goods, the dominions in every part of the world hold up their hands and say "Oh, think of our native industry!" It seems to me that unless people are prepared to make sacrifices on both sides no advantages can accrue to either.

When I was here in 1929 I remember reading in the papers about the Doukobours— those wild Russians you have here who go about with no clothes on. That seemed to me a very curious choice for your immigration authorities to make when they were selecting future citizens of Canada. (Laughter.) In the past, every component part of the British Empire has always said to itself, "How much can we get out of the Empire?" Unless the policy changes in the future to that of—"How much can we do for the Empire?" (hear, hear)—we are going to cease to exist as a first-class power. People are always talking about the British Empire disintegrating. On every side you hear "Look, the British Empire is breaking up!"

"The only thing they achieved at the Imperial Conference"—they said in America—"was the right of secession." I think one can see clearly there is no real danger, because not only are there ties of sentiment, but what is more important, our interests remain the same. We enjoy a unique identity of interest. After all, the British Isles would be nothing without her Empire; we should rapidly degenerate into a second-rate power; but how much more true would that be of your position, or that of South Africa or New Zealand! We should no longer have any say in the conduct of world affairs; but together we are still—and increasingly—the greatest factor in world and international policies. (Applause.) The solid work that the British Empire has performed in the past must be continued in the future.

But at this juncture, when we have only recently emerged from the greatest test of all history, when we have justified the unique position we hold in the world, what do we do? We start screaming of policies of defeatism and surrender. In no country in the world will you find such a weak and vacillating government as we have in England. It makes me ashamed to stand before you here to-day. No one seems to care; no one seems angry with them; but do we feel happy about it? Their policy at home has been deplorable. Having promised to give everyone work, they have thrown another half million people out of work. What has been their policy abroad? One of the two greatest things that faced them was the question of the navy. So they sit back and say: "We do not know anything about the navy, we had better let the Americans decide how large our navy will be." In regard to the Empire they said to themselves: "We have no knowledge of government; how can we possibly govern the great Empire that was built up? The only thing to do is to give it away." They are trying to give Egyp away. What do we see happening in India? A deplorable policy! Here is this man Gandhi, who is not the head of the Hindus, let alone the Mohommedans, break ing the law, indulging in a civil disobedience campaign, and at the same time hob-nobbing with the Viceroy. This is the state that the might and majesty of the British Empire have come to. The whole policy in regard to him has been wrong from the start. The Viceroy should have said to Mr. Gandhi, "So long as you are breaking the law we will have no truck with you. Call off your disobedience campaign, and we will discuss the thing through suitable envoys." But the idea of the Viceroy receiving Mr. Gandhi in a loin cloth! It makes one ill to see it. When they asked him to send fifteen delegates to the Round Table Conference in London he said: "We don't need fifteen, we only need one"—that is, himself. That is what they call democracy in England.

Our greatest interest in the world to-day is peace. We pat ourselves on the back and refer to the Anglo-Saxon race as the most peace-loving of the world. Why are we? Because we could not gain anything by future wars. We were not so very peace-loving in the 18th century, if I read aright. But now that we have all that we can possibly get out of the world, we pat ourselves on the back and make ourselves more righteous and peace-loving than any other people. Let us face the fact that we are peace-loving because we have carved up for ourselves all the best chunks of land in the world. All that we need in order to manifest throughout the British Empire the greatest era of prosperity that the world has ever seen is a long-continued period of peace. Are we going to achieve it through the League of Nations, through the Kellogg pact and disarmament? No! The union of a lot of weak disarmed dominions is nothing; but so long as we have the finest navy in the world it still means something. That is why I say that we must put aside all these sob-stuff notions and ideas. The world cannot be governed by idealism, particularly if the ideals are not adequate in themselves.

We must find some new form of leadership if we are going to progress. What the Empire needs so much at this moment is leadership. If this leadership should come from anywhere I suppose it should come from England. Mr. Bennett's stand at the Imperial Conference was, I think, partly caused by his feeling that there was no leadership, and he certainly stood out as more of a leader than any man we could produce at the Conference. (Applause.) There are all sorts of steps that we should take, which are much more efficacious if we act jointly. Take the question of Russia. I dislike Bolshevists very much indeed; I disapprove of them. (Laughter.) What is the point of trading with these people; what are we going to get out of it? You here, I must say, pursued a much more logical course in regard to Russian trade than we did. We trade with them one day, and then the next day we turn their diplomats away, and the following day we ask them to come back again. Think what it would mean to Russia if we could get the United States and the British Empire to say simultaneously: "We will do no trading whatever with you until you start behaving like decent members of society, until you start paying your debts, and until you stop your propaganda." They would come to us on bended knees, and give us every guarantee that they would accomplish that.

I spoke of the necessity for closer union within the Empire, but even that is not enough to insure world peace in our time. In order to make that effective we must have the co-operation of the United States. There may be combinations of powers in the world that could disintegrate the British Empire; there may be combinations of powers that could overthrow the United States; but there is no combination of powers that could overthrow the British Empire and United States if they were on the same side. There we see that our interests are identical with those of the United States. They have also carved out for themselves a good chunk of land; they do not need any more; all they want is to live in peace and go on making more Ford cars. (Laughter.) We do not want to stop them, but there are people who might like to interfere with their progress, and there are people who might occasion us trouble, so I do feel it more than urgent that we find some general working agreement with the United States in regard to facing this problem of war. Think what it would mean if, when any country threatened, we are able to say: "All right, you have got to take us all on." Think, also, how easy it would be to keep other people from fighting, because there would be no good in living in peace if wars were going on everywhere else. That is the only way you can stop wars; you cannot stop wars merely by sending a lot of old men to talk about peace and ideals; the only thing people understand is force. It is quite clear that only in some arrangement like that could we have any permanent guarantee against war.

Finally, I would say this: That we are at the moment passing through an economic crisis and I should have thought this is the time when the minds of our leaders would be revolving some great plan to bring us more closely together and work out our difficulties in common. At the moment we are completely lacking in leadership. Not one constructive suggestion has been brought forward by our present socialist government at home. It would behoove the Empire and the various Dominions to be more articulate, so that we could get some feeling expressed as to your distaste for the government we have at home. (Laughter.) It would be most encouraging to these constructive and conservative forces in England, which have the interests of the British Empire at heart. These socialists are in power to-day, but what have they ever done for the British Empire? In every major crisis that the British Empire has ever been through these men were on the side of England's enemies. I feel that the whole Empire must arouse itself and make its views felt; let the people at home see how unwarranted and absurd these socialists are, and after they have been thrown out some man may arise who will be able to lead us back to better times, and put new spirit into the Empire. If we can in some way coordinate the Empire more closely, and at the same time find some agreement with the United States for the outlawing of war, we have before us measureless rewards.

I say to you, in conclusion, that I stand before you as an ambassador—youthful indeed, and self-designated—of the greatest Empire that the world has ever seen, the Empire of the future, the Empire of the English-speaking people. (Great applause.)

The President voiced the thanks of the Club to the speaker.

THE PRESENT POLITICAL SITUATION IN ENGLAND

AN ADDRESS BY CAPTAIN IAN FRASER, O.B.E.,
HEAD OF ST. DUNSTAN'S INSTITUTE FOR THE BLIND.

1st *May,* 1931

PRESIDENT STAPELLS introduced the speaker.

CAPTAIN FRASER referred with great satisfaction to the Tag Day for the Blind, and said:—It is a great pleasure to come to a city where such fine work has been accomplished by the organization which I think I may fairly claim as being a child of St. Dunstan's. This splendid institution owes its origin chiefly to the efforts of Captain Baker and Mr. Veets, who came from St. Dunstan's inspired to look on the bright side of life, and obtained the cooperation of influential people in Toronto in founding that great institution, the Canadian National Institute for the Blind. I only hope that in finances, and in its work throughout the year it will keep up the splendid record made in the last ten years.

I have been asked to say something about British politics, and that is not easy, because, owing to the swing of the pendulum, I was turned out of office two years ago. Politics is one of those curious occupations in which, no matter whether you do your job well or ill, you are turned out when the pendulum swings, without compensation and without notice (laughter). Moreover, I have been travelling in foreign parts for some time, and have not been able to observe these politics at close range. However, there are some particular questions on which you will permit me to speak, which may be of interest to you.

I believe that the majority of our people were vastly disappointed when the Imperial Conference last year came to an inconclusive end. We had built great hopes upon it, for we thought that out of discussions, partaken of in good-will, at a time of world-wide depression, it might have been possible to reach some conclusions beneficial to our two nations. But that was not to be, and I fear the reason was partly that Britain happened to have a Government which does not believe in tariffs of any kind. In that atmosphere it was impossible for proposals, made from Canada or other quarters, to bring about fruitful results. I feel, and I think the majority of my countrymen now feel, that better trade within the Empire can only be promoted by some kind of reciprocal preference. It is first necessary that the Mother Country should be willing to place some control upon the importation of food-stuffs in order that she may have something to offer in exchange for preferences in your market. You are aware that there have been many voices in Britain. Some have cried for Empire Free Trade—which has been misinterpreted here and in England; some have cried for a quota method of control of imports which would give first preference to the British producer, and second, a substantial preference to the Dominion producer, taking from the rest of the world only necessary amounts of raw commodities. Others have cried for some kind of government monopoly of buying and distributing. There have been many voices, but I think we are gradually coming to a time when there will be only one voice amongst the people,—the cry for better trade between the Mother Country and the Dominions (applause). Believe me, no one in Great Britain is so foolish as to expect that any Dominion will open its gates so that British products may come in and compete with theirs and put their men out of work. Every sane person in Britain realizes the extent to which you in particular, and the other Dominions to a considerable degree have built up plants capable of not merely serving your need, but of exporting their products. We realize that you must protect your own workers and industries. But we do ask that when you find it necessary to go abroad to buy, you will give a definite preference to British products. When can Britain achieve that policy? Only, I believe, when we change our government. Many Labour men believe that it is right for a man to protect his own labour—that is the whole philosophy of the trade union—and many of them are protectionists, as the Labour Men of Australia are protectionists; yet other Labourites follow the Liberal tradition of free trade, and are supported in Parliament by a handful of Liberals on whose votes they depend. Under these circumstances it is exceedingly unlikely that any measure of reciprocal preference can come under the present government. I earnestly hope that there may be a change before any further Imperial Conference is held. (Applause.)

You may be interested in a comment or two upon the side-shows within the Conservative Party in Britain which have been entertaining us for some time. (Laughter.) There is a mistaken idea that individuals can in a few months create parties, and can build up hundreds of candidates to run in competition with orthodox politicians. Believe me, that is not possible. It is no more possible, because of the mechanics of running candidates, for Lord Beaverbrook to run 400 candidates against the Conservatives than it is possible for Sir Oswald Mosley to run 400 of his heterodox gentlemen against the orthodox Labour Party. (Laughter). You can put them in by-elections, as Oswald did yesterday, as Lord Beaverbrook did six months ago, and you can split the Left vote or the Right vote and let the Right or the Left enemy in; but you cannot multiply this attack upon a wide front. Only a limited number of persons can be elected to Parliament by the most foolish electorate (laughter); and there is only a limited number of persons sufficiently foolish to allow themselves to be so elected. (Laughter). Not all men are willing to undertake the drudgery of public life. Not all men have competent wives to help them in their constituencies. (Laughter). Many a seat has been lost by a man's wife. (Laughter). Not all men are qualified to be election agents, though election agents are generally incompetent. (Laughter.) It is not possible suddenly to create a new party—at any rate I claim it is not possible in the Old Country—and there was no fear that the unorthodox elements in Conservative thought could or would develop a new party, or run any large number of candidates. Nevertheless, they ran some, and have created a stir in the dovecotes just as Oswald Mosley has caused many bitter words to be said in the Labour Party.

When I left England those disunited elements had come to the conclusion that there was little difference between their various policies, and that phrases and words had made those policies appear more different than they were. I regret that some of you here misunderstood the phrase "Empire Free Trade". You thought it meant that immediately the policy is put into force your tariffs would have to come down, and that is a thing you cannot agree to. Some of your statesmen have said that Empire Free Trade is humbug—or possibly it was one of our statesmen who said that. (Laughter.) Empire Free Trade is a phrase indicating a policy to which practically all Conservatives are agreed. This policy is no monopoly of Lord Beaverbrook's. May I explain the phrase by calling your attention to another phrase which is common in the minds of those who study Empire matters—"A White Australia". Practically all Australians will admit that they agree with the policy of "A White Australia"; but it does not mean that they will not have one single colored person in Australia. Every one tacitly admits that parts of the north of that continent can only be worked by colored races; they are there, and must remain there, and the number of those persons is increasing to a certain extent. Nevertheless, the phrase "A White Australia" conveys a general idea with which most people find themselves in agreement. So with Empire Free Trade; no such freedom as will enable us to put your men out of work, but such freedom within our borders as will enable us to do the maximum amount of free trade with each other. Interpreted that way, it is something to which I believe the majority of our people in England are agreed, and to which they will lend their support when the opportunity is given them in a general election. (Applause.)

Many hard things are said about Great Britain. We are supposed to be down and out; our finance is supposed to be on the rocks; our unemployment is so great that we may never recover; we are on the decline, and the time has come to consider taking out, we will say, American papers. (Laughter). My own feeling is that these views are wrong. (Applause). We have heard so often that England is down and out that the phrase leaves us quite unmoved. Our budget did not balance this year; there was a deficit of $180,000,000. But this must be considered not merely in relation to other countries, but to the position in our own country. You must compare this $180,000,000 with our revenue, which is not less than $5,000,000,000. I hazard a guess that if other countries added up their year's account and saw where they stood, they would not find themselves in a stronger position than Great Britain. (Applause).

Our unemployment is considerable. Some people think that we should not have published our figures. We can only guess what the unemployment figures are in the United States or Germany. The British want to know where they stand, and do not mind the rest of the world knowing their difficulties, because they have faith in their power to overcome them. We have 2,000,000 men out of work, but it is a mistake to suppose that they are always the same 2,000,000. Many of that immense number are men changing from one job to another, or who are subject to seasonal spells of unemployment, or in jobs which last only a few weeks. Each day the statistics are made up, and they include every man out of work; a considerable number are not unemployed in the sense in which one has come to regard unemployed, as a demoralized, hopeless being who has not had a job for months.

Our dole has been criticized. When I think of its origin I am glad that Great Britain instituted it—(Applause)—because these were the circumstances. On the Continent we had three or four million men in arms. They had been taken out of ordinary industry, and were applying their energies to an honourable, and, in the end, successful job. That work came to an end, they came back to their homes, and it was inconceivable that these men should be left to depend upon some fitful charity, or to go to the poor-house. Provision had to be made of an honourable kind, recognizing that it was not their fault that they were unemployed. Once you institute a system in a democratic country it is profoundly difficult, even if it were desirable to go back on it. There is a good deal to be said for the rational system by which men, when they are in work, may pay premiums to an insurance fund to draw upon if they should become unemployed. (Applause). May I remind you that between two-thirds and three-fourths of the payments made to unemployed persons in Great Britain are made from the fund accumulated by premiums that have been paid in. It is only to the remaining third that anything in the nature of a gratuitous payment is made. Within that limit there has been abuse and weakness, and it should be the aim of any government in Britain to bring that insurance fund back to an actuarial basis. (Applause). Let it not be said, however, that the system of unemployment insurance in Great Britain is wholly bad.

The Government at present is supported by a Liberal minority. I am hazarding the guess, based upon the information of a few weeks ago, that the Labour Government will remain in office longer than many people imagine. It is not doing the dreadful things which Conservatives thought, or said, it would. Governments are never as bad as their opponents hope they will be. (Laughter). I do not understand why Labour is supported by the Liberal minority; perhaps many Liberals think it is their only hope of a seat in Parliament; if the situation is bad to-day they might as well stay where they are, hoping that it will become better to-morrow. At least forty Liberals are staunch followers of Lloyd George, and that following ought to keep the Labour Government in power for some time. I would be surprised if they fell immediately after the budget discussion, and I think they may go through next winter, though there are troubles on the horizon—great troubles in the coal field, because the Government has promised the seven-hour day, which cannot be granted without closing down many mines. Men are breaking away from the Left Wing of the Labour Party; they are more anxious to keep their seats in the next election than to save the Government. It is easy, and usually popular, to be "agin' the Government," and if you can contrive, as a Labour man, to be against the Government, you may retain your seat when the Conservative tide flows strongly. Oswald Mosley is not an unmitigated adventurer, and I think he will go far in British politics, but he has threatened the Labour Government, and they may fall at any time, by accident or design. The common tendency in times of depression is to blame the Government. If you are doubly doubtful you will blame the Opposition as well—(laughter); and if you want to be quite sure that you are right, you will blame Parliament.

A great many people blame Parliament in Great Britain; you may hear echoes over here, and wonder if we are going to take unto ourselves a Mussolini. Believe me, we are not. (Applause). The Mother of Parliaments is sufficiently strong in tradition, in the extent to which she has grown into the body politic, to stand any amount of scandal and abuse. She will hold her head up, and we will never be governed by anything but a Parliament elected by the people. (Applause). Nor is Parliament losing its hold upon the imagination of the British people. I wonder how many of you have realized that it was the sentiment for parliamentary government which defeated our great general strike in 1926? It was the feeling that no body of men—even those who had been our Labour leaders for years, and whom we had trusted as working men—must be allowed to give offense to Parliament. The rumours you hear of Parliament losing its control over the people are not correct. Our country will retain and continue to respect its Parliamentary Government.

I would like to say one word about the leadership of the Conservative party. There have been differences of opinion about Mr. Baldwin amongst those of Conservative thought. When I left England Mr. Baldwin's stock was rising. He has weathered many storms. I believe that the overwhelming majority of conservatively-minded people regard him as a great and good leader—(applause)—and that the minority who at one time wanted a change have thrown their weight with him. I believe that the conservatives are determined to win the next election under his leadership, and I expect to see him the next Prime Minister of Great Britain. (Applause).

When you are hearing how black the situation in Great Britain is supposed to be, may I remind you of one or two things? I have already said that our finances are in remarkable shape, having regard to the difficulties under which we have been working, and to the fact that for some years we have suffered from Socialistic propaganda. When the Conservatives were in power, the Socialist Opposition was sufficiently strong to force the Government to embark upon expenditures which were good in themselves but unwise at the time. For some years the parties have competed with each other in offering inducements to the electors. There is a complaint in Britain voiced by members of all parties, and only opposed by a small group, that expenditures on social services have been too great, and must cease. This is a healthy sign. It will have its effect in re-establishing our financial position. Democracy is rather new, and only recently all have had a vote. They are beginning to learn that work and wages are better than doles and state provisions, and this fact points to the beginning of our period of recovery.

We must not forget that Great Britain lost a million men in the war, which number included an undue proportion of men who had the character and ability to make leaders; our industries, politics, general commerce and other activities in which we are engaged lack men of experience. It is not surprising that Great Britain has gone through bad times. What is surprising is that she is doing so well in comparison with countries that have suffered less. (Applause). We have a great tradition. We have a faith in the destiny of our race, and we believe that although men have been killed, there will, in time, be new men to take their places.

My message—if I may use such a word for the paltry remarks I have made—is this: Let those of British blood and sympathy throughout the world have faith in the tradition to which they have been born and bred; let them have courage to come together politically and economically; let them believe that time is a great healer, and that Nature, if given a chance, will bring us back from the convalescence in which we now find ourselves to a time of perfect health and prosperity. (Loud applause).

Hon. William Price, K.C., Attorney-General of Ontario, expressed the thanks of the Club in an eulogistic speech, in which he praised the work of the speaker and his associates in connection with the Canadian Institute for the Blind.

ENGLISH LANDSCAPE AND PERSONALITY

AN ADDRESS BY THE RT. HON. SIR RONALD LINDSAY, G.C.M.G., K.C.B., P.C., C.V.O., BRITISH AMBASSADOR TO THE UNITED STATES.

(*Before a Joint Meeting of the Canadian Club and the Empire Club of Canada.*)

6th May, 1931

RT. HON. ARTHUR MEIGHEN, President of the Canadian Club, introduced the speaker, who said:—It is said that England has the best climate in the world, and also the worst weather. And if I may amplify and expand this aphorism, I would do so by pointing out that while our little island is well equipped for raising a vigorous race and bringing to harvest the most valuable and important produce of the soil, we must none the less submit to changes of weather so frequent and so capricious that we lack the amenities of countries more favoured, where expectation is not so liable to disappointment. And we may likewise say that while the landscape of England possesses charm of exceptional quality which has always appealed to men of descernment, we have to build our success on very slender foundations. We lack all the features of nature whose scale and magnificence derive from the convulsions of nature. We have no coral reefs or glaciers. We are without eternal snow or tropic vegetation. Our highest mountain would rank as a foothill of the Rocky Mountains, the Thames as a rivulet beside the St. Lawrence, and compared with our red deer and golden eagles your own great birds and beasts are giants. In everything in which scenery is based on rich and grandiose manifestations, we are unable to compete. Shape, size and form are less prominent with us; indeed we maintain that size is not of crucial importance—that is to say actual size—and that for our effects relative size is sufficient. As the old Scottish proverb says: "A sparrow next the eye is greater than the eagle on Ben G'hoil."

At the same time the scale of our English landscape, though it may be equable and modest, is not fortuitous. All its main features are the direct outcome of geological factors, well defined in their effects and never relaxing their pressure. The rain, the frost and the winds are ever at work, breaking down the crag and smoothing the hill top; rivers and tides are unceasingly at their task of erosion, sapping the cliff and converting it to a mere slope, or filling the valley with a fertile alluvium. It is worth while to trace the influence of our population on the landscape as we watch it receiving the impress of laborious activity. Of course I refer only to the civilization of the field, not to that of streets, houses, factories and gas works in the towns. The newest method of archaeological research, namely the photograph taken from an aeroplane, shows clearly the outlines beneath the surface of the soil of foundations, earthworks, roads and enclosures at which our ancestors toiled many centuries ago. The lowlands of England which even in historic times used to be covered by a dense and continuous mass of oak, ash and beech forest, have been cleared by the labour of many generations and present to-day to the eye those green pastures and rich corn lands which constitute the chief charm of our English landscape. Even to-day the work is still progressing and the labourer is every day striving further to flatten the soil and to remove whatever may tend to impede the easy passage of the plough. The tops of the downs in Southern England still show the scars where primitive men fought their wars or grew their scanty crops; and in the lowland plains an unusual abundance of trees will show you where once a dense forest grew, or you may infer an impassable bog from a muddy field alongside some meandering brook. The landscape of England is a palimpsest on which for centuries man has written history in the sweat of his brow, and on which he is writing it still.

I have often thought that there may exist a fair analogy between the political history and condition of England to-day and its geology, though as I am neither an historian nor a geologist I cannot feel sure that I have any proper warrant for my theory. Speaking geologically, we can still see on our country side the traces of cataclysms which occurred many aeons ago—marks of bygone earthquakes, floods and eruptions—but we can boast of none such to-day. We have no tornados, our floods only flood our cellars, our earthquakes are a jest, and our volcanoes are as extinct as the plesiosaurus. Our nearest approach to a convulsion of nature occurred in 1839 when a landslip occurred in Devonshire and some forty acres of fair land proceeded to slide down towards the sea, but in so leisurely and dignified a manner that the geologists of the time were impressed by the seemliness and decorum of nature's behaviour. And so too with our political condition of to-day, of which, however, I speak in historical and not in geological terms. We have had our invasions and irruptions. In the past our state has suffered from wars and civil wars, and our political institutions from rebellion and from revolution, but our last rebellion was two hundred years ago and really cost very few lives, and our last revolution was longer ago still and was bloodless; and just as our landscape stretches out before us in its smooth and gently rolling outlines, so the structure of our political and social institutions stands free from the menace of any cataclysm and subject only to those changes which the painstaking care of conscientious men may introduce, to adapt it to modern requirements and to increase its capacity to provide yet better government for our population.

Most of my listeners to-day must know England already and even those of you who have visited it once only will agree with me that the enclosure is the most far reaching feature of our scenery. The enclosure is the most elementary form of man's interference with the face of the earth. It may be a primitive fortress, or it may be just a corner of ground hemmed in by a turf fence; in any case it is a simple and universal expedient. It is an assertion of personal initiative and responsibility. It creates a reserve, and provides for the safety of family, crop or live stock. It is almost the first mark in the progression of the nomadic tribe towards the status of fixed residence. And nearly all our English landscape is cut up into small enclosures. Yet it is curious how often this apparent mutilation of a countryside is not only unobjectionable, but even an enrichment of the scene. And the reason is that this work of man's hand has made no breach of homogeneity. The dry stone wall is racy of the soil, made up of stones gathered on the spot, and the hedge grows from cuttings of hawthorn growing by the wayside. The cottages and farm buildings are likewise constructed of local material and are simple in outline, as authentic as the walls and hedges round the field, and all combine into a natural and harmonious whole. I will gladly pay a tribute to the practical virtues of a wire fence, but I think none of you will look without pleasure at an old fashioned snake fence even though it does take up a lot of ground and though it may harbour a forest of weeds; but it is native to the soil of Canada just as hedges and dry stone walls are to the soil of England, and for beauty's sake we are fortunate in that our ancestors built us nearly all the walls and hedges we require before barbed wire was invented.

Of forest, as you in Canada understand the word, we in England have nothing at all, because in so densely populated a country there is no room for such spacious luxury; but of trees we have many, and, growing isolated as they do, they assume forms of extraordinary grace and beauty. We may claim that the trees of England are our very own addition to the landscape, and even though many perished during the war, they still lend to our scenery an appearance of woodland. One of the Prime Ministers of a great Dominion on his first visit to England a good many years ago, when travelling from the sea coast to London by train, said he had been struck by three things in our countryside. First the vivid greenness of the grass which gave the impression of pastoral wealth; secondly the solidity of hedge and fence, which gave security to the farm stock and made it unnecessary to watch the animals. Finally, he said, "As I looked forward I expected always to be coming to a big forest, but it never arrived—I never got there." He then realised that at a distance the hedgerow trees, the narrow belts of timber, occasional woods and casual planting round every village gave the illusion of a closely wooded country.

How calm is the demeanour of our country scene, how confident its aspect! The rise and fall of the land is equable, the profile of the landscape fluent, with no abrupt or unexplained accidents. Though adventurous, our people have been home loving and have left the seal of their affections on the country side. Our horizons are calm; our rivers silent streams, in harmony with the easy gradients they skirt. But equable as the English scenery is, unemotional compared with the more striking landscapes of other lands, we never admit that it can be tame or monotonous just because it is not turbulent or despotic. It resembles ourselves in being sober, consistent and staunch. It is intimate and unostentatious. If a sympathetic observer will cross-examine the view and interrogate the village he will find how thoughtful has been the addition made by man to the charm of nature. And in the countless still unspoilt townships of England, where the church, the manor house, the village green and the smithy blend into one harmonious whole, he will find the village carpenter or wheelwright working with the confidence of the true artist, and the local craftsman still taking a pride in conscientious labour and good workmanship. Here still is the home of those excellent qualities and virtues which made of us explorers in the days of Queen Elizabeth, shopkeepers in the more strenuous era of Napoleon, and stout honest fellows ever since.

I have now made you an address about English scenery and I have enjoyed speaking to you about it because I am country bred myself and there is nothing I love so much as the English countryside. And now, as there are still two or three minutes during which a speaker may legitimately detain his audience, I will allow myself to say just a very few words about the men who inhabit this countryside. I have often heard it said that England is past her prime and that she is on the downward grade. Maybe you have heard it said here in Canada and if so I admit that I am not surprised, because there are lots of people who say it aloud in England. Let me beg you to take these melancholy prognostications with a proverbial pinch of salt. Fifteen years ago, when your divisions were fighting in France, did your men think that the British soldiers in line with them showed any marked signs of degeneration? Or the civil population of the United Kingdom behind the line? And what can have happened in the interval to turn that population into the downward path? I am aware that we carry a staggering load of debt, and our taxes are, I believe, higher than those of any other country. We make the heavens ring with our cries of indignation, especially when our taxes are increased. But one hundred years ago when we emerged from the Napoleonic wars—an era of stress no less terrible than that which we have lately gone through—our burden of debt and tax, proportionately to our wealth, was certainly greater than it is to-day, and with all our protestations the Englishmen of to-day are no less ready and able than our ancestors to shoulder the burden until we can lighten its weight; and we are yearly lightening this weight. You may have seen in the papers that the British Government this year is facing a deficit. A deficit generally means expenditure in excess of income, but this is a strange defict we are facing. Our income has largely exceeded our expenditure and all that has happened is that we paid off last year on the strictest basis of accounting only thirty-five million dollars of debt instead of the very much larger amount we had hoped.

There is yet another kind of tax we pay in England which cannot be assessed in terms of money and which perhaps is a greater drain on the country than any money impost. For two hundred years we have sent the best of our sons and daughters out of the British Isles on the service of the Empire, largely as administrators and traders and, in the past, still more largely as settlers. And let me say that when I look upon this great Dominion and think that we of the British Isles have taken so large a part in creating this magnificent stock of men, then I feel that, so far from regretting, we shall always feel proud of having paid our contribution. Still this tax has always been a heavy one, and its weight has been increased in these years by the loss in war of 900,000 men in the flower of their age. Yet the old stock at home still breeds true. The strength of a nation lies not in its armies or navies, not in its gold and credit, not in its material wealth, but in its men and women, in their strength of character, in the sanity of their outlook, in their civic virtue and fortitude. These qualities are still honoured and practised in the old country, and the young generation is growing up in the old tradition of honest courage, and well able to carry high the torch of Empire. Study the men and women of England as you will, and you will find that the heart of the Empire still beats strong and true. (Applause.)

H. G. STAPELLS, president of the Empire Club, voiced the thanks of the meeting in these words: "Just as scientists have persuaded us that potent substances are often condensed into meagre proportions, and the most insignificant muzzle sometimes made to belch forth a most convincing power, so I would persuade His Excellency that behind these enfeebled words of mine is the vast spirit of these two Clubs, a spirit of admiration and respect now coupled with a deep sense of gratitude that we should have been privileged to hear this most revealing address. His Excellency has revealed himself as having a worthy affection for that incomparable English countryside,—an affection shared by many here today. His Excellency has revealed himself as of that stock he mentioned, whose breed is the highest of the high, in whose hands the torch of the Empire is forever safe. His Excellency has revealed himself in a more subtle manner. If there were no "Who's Who", he would be recognized readily as a diplomat of the first water, for while undertaking to speak to us upon English landscape, he has in fact delivered a most convincing address upon the basic and future greatness of England. It is our most sincere hope that His Excellency may carry back with him to Washington as profound an impression of our gratitude, as the impression with which he now leaves us. I have the honour to extend to him our most sincere thanks." (Applause.)

TRADE WITHIN THE EMPIRE

AN ADDRESS BY LT.-COL. SIR JAMES LITHGOW, BART., M.C., T.D., M.I.N.A., PRESIDENT, FEDERATION OF BRITISH INDUSTRIES.

(Before a Joint Meeting of the Canadian Club and the Empire Club of Canada.)

11*th, May,* 1931

MR. H. G. STAPELLS, President of the Empire Club, introduced the guest, who said:—"Your chairman has referred to me in quite unnecessarily eulogistic terms, but as long as I do not take myself too seriously, I hope you will not take it seriously. I realize, in spite of what your chairman has said, the real reason why you have honoured me by asking me to address you to-day is the fact that I do represent, at this moment, British industries. It is very encouraging for the particular mission that I am on just now and which I am about to speak of, that the Canadian and Empire Clubs should have amalgamated for the purpose of listening to my address. I have no doubt—perhaps not in the case of the present chairman—that other chairmen may have introduced persons like me in similar eulogistic terms (laughter.) I know that in Toronto —very like Glasgow—you want to get statements that seem true, so that perhaps you will permit me to tell you something about the Federation of British Industries. The important matter from your point of view is that it really represents British industrialists. You are probably aware that, in Britain, industry has, for many years, been organized for defensive purposes into an association connected with each individual trade. Now practically every important trade in Britain is so organized.

Shortly after the war, when wider issues were coming to the front, it was decided to amalgamate all these organizations, for the purpose of dealing with general commercial subjects, into one national federation. This is what is called the Federation of British Industries. That Federation draws further strength from the fact that, in addition to being representative of these different trade associations, it has also as direct members practically every important firm in the country; in addition to this every firm that for one reason or another is not properly organized is on the Association. So I can come to you and say that in Sir Arthur Duckham and myself you have representatives of British industrialists. I might explain that for the particular purposes which we have come to discuss—namely inter-Empire trade—we are peculiarly armed with credentials at the present time. I perhaps ought, before going into that, to refer to the individuals that are with us. I would have liked to take seriously what your chairman has said about myself, but I can say as regards Mr. Mackenzie, who is head of our Empire Section, that he has an international reputation of the first order, at least in the football field. He has represented the Thistle against the Rose, Leak, Shamrock and Fleur-de-lis but he has never tried conclusions with the Maple Leaf and, so far as I am concerned, I am going to take good care he does not, because he has come not to fight but to work. Sir Arthur Duckham, my colleague, has unfortunately been compelled to leave for a few days to go to New York. I am peculiarly fortunate in having him associated with me. During the war he occupied most important positions in the Ministry of Munitions which brought him in contact not only with leading industrialists in our own country but with leading industrialists of the Empire, and this gave him an insight into Empire affairs. He was selected by the British Government to confer with Mr. Bruce, Prime Minister of Australia. In that way he has further extended his knowledge of Empire affairs and in that respect he has an appreciation of your problems.

For myself, I have not travelled to any extent in the Empire, but during the war I was privileged to go with the troops to every part of the Dominion. I have made these introductory remarks not, I hope, in any vainglorious strain, but merely to let you appreciate that British industry is organized on a sound foundation and that its leaders are prepared to give some part of their time and such talent as they possess, for the consideration of the wider problems that confront industry to-day. I would not like you to take as authentic the idea of your chairman that we have simply consecrated our lives to working for the Empire. Our first duty is to our own firm, although we snatch a few spare hours to envisage these larger problems. (Laughter). The problems confronting us to-day are primarily—in Britain at least—the problems of co-operative action and a change in our fiscal policy. These two matters are occupying industrialists in Britain very specially. In co-operative effort, we have made great progress. Quite a number of our trades are now able to speak, at least with regard to export matters, with one voice instead of each one for itself. We are finding a more encouraging sign, and believe that the Trades Union and the Labor leaders of the Trades Union side are beginning to appreciate that only by co-operation with the industrialists and by treating industry as industry and not as a political football, will progress be made.

After all, you gentlemen realize that one's first consideration is what is best for one's own business. Notwithstanding, about a year ago it was obvious there was a growing feeling, from an industrial point of view, that Free Trade was no longer the best policy for us to adopt. Our Federation took a vote to determine to what extent it was justified in advocating a change of policy, and the result was most surprising, even to the most ardent Tariff Reformer. Three and a half per cent of our membership were in favor of continuing Free Trade. That is to say, three and a half per cent of the membership favored the existing Free Trade system whereas ninety-six and a half per cent were in favor of a change. (Applause). Now this means that our Federation is able to come to the Committee and say that we industrialists in Britain are in favor of such a change in fiscal policy as will bring about Empire reciprocity in matters of trade. I am well aware that there are classes in Britain who adhere to Free Trade, and our present Government is still pledged to support what they call free food. It is not free food at all, but it makes a rallying cry for an otherwise disspirited political argument. (Laughter). The significance, gentlemen, of our vote is that the leaders of industry, what I might call the combatant troops, have decided that Free Trade is no longer a suitable field to conduct the battle upon; the troops themselves are fed up with nearly a million being permanently or chronically out of action and are on the eve of demanding a change in our system. The time is past when the administrative staffs of the non-combatants can affect the issue; we demand for our leaders vision and leadership rather than self-satisfaction and criticism, which is all we have had from them in the recent past. (Laughter.) The reason why this mission came at this particular time is also of interest to you. You know that the Imperial Conference in London had to be adjourned. Your own representatives suggested that, while governments were re-considering their positions, that industrialists of Britain and Canada might explore the possibilities of co-operation along purely industrial lines. My Federation accepted the suggestion gladly and, as an earnest of their determination to treat the matter seriously, appointed their President-elect and the head of their Empire Department to come over here and make contacts with your business men. We came out with the one idea that the prosperity of Canada was essential to the prosperity of the Empire (applause); and that the prosperity of the Empire was essential to the prosperity of Great Britain. (Applause.) Canada is and must remain an important industrial country. We realize that industrial expansion along sane, sound lines is essential to the development of Canada, and to the prosperity of Great Britain through the Empire. We have expounded that theory to you from various angles and I need hardly say that we have been received in friendly though, in some cases, a semi-critical spirit. However, we have accepted this as straight-forward business men must, particularly those coming from Glasgow. (Laughter).

We have ventured to suggest, from time to time, that there are so many examples, both in Britain and particularly in Australia, of efforts being made by various industrial units to make themselves self-sufficient, that there is real danger of the development in Canada, unless it is sound, degenerating into distention, rather than extension, of industries. We think that you Canadians might find it to your best industrial advantage to look upon the industries of Britain as complementary and supplementary to your own industries. Your industries are necessarily young industries developing along the lines of least resistance, and we have felt that our old-established and more general industries in Britain can be of real assistance in furthering your efforts. We have found a ready response to these suggestions, and we have felt that the contacts which we have made will enable us to extend that line of approach, and not only to help our own industries but also to help yours. As I have said we have received a warm welcome.

We have, as far as possible, made it clear to you that we recognize trade must be carried on for profit and that politics cannot make trade a success; in the development of inter-Empire trade, while it is necessary for our respective governments to lay down the lines by which trade can be best developed in the interests of the country as a whole, there is a real obligation for the traders themselves to take up these lines and, from day-to-day business to develop trade. We have naturally been impressed since we came here with the great natural advantages which some of our competitors enjoy. But, after all, these difficulties in our way must be met, and my special wish in addressing a large gathering of this kind is to let you know that while we, as traders, are going to face our own problems, a great deal can be done by public opinion to make things easier for us.

One hears a great deal of criticism of the lethargic laziness of British industry in the past. British industry was successful and held a premier position for a long time; the same amount of criticism was levelled against her before the war, when she came forward and confounded all her critics. (Applause). Speaking of the war, gentlemen, I have been much impressed by going through your buildings and seeing your own rolls of honour. Although I have been impressed with this, I want to tell you that these lists and rolls can only convey to you a slight appreciation of the enormous difference which the war made to us in Britain. We lost lives; we were taken advantage of by our competitors who built up a trade against us; even worse were our shaken nerves and distracted equilibrium. Perhaps the greatest handicap has been the general result—the disillusionment and disappointment, coupled with the various humanitarian impulses that the suffering of war engendered among us. The honourable attempt to make good has added further to our burden and still further shaken our nerves. I am not raising this point by way of making excuses; what is past is past and we must live for the future. I have already told you that there are signs of an awakening in British industry towards more productive effort. I, therefore, come to you in a spirit of hope, feeling that in spite of the leeway for which we have ourselves to blame, in spite of advantages which geography gives to our competitors, we are by no means down and out, from an international point of view. (Applause.)

In our contacts here, we have received a great deal of material comfort and helpful suggestion; we have been mightily impressed by the genuine desire which we hear expressed on all sides that, other things being equal, you wish to deal with Britain first. (Applause.) That has placed a responsibility upon us which we will do our best to discharge when we return. In Britain we are constantly being encouraged to use the various kinds of Dominion produce. In fact in my business I would need to eat all day if I were to use some of the products of my various customers. (Laughter). There is a good deal that the public in Canada, and a certain amount that organized industrialists in Canada, might do to help us in making contacts with one another.

I have referred to the importance of public opinion in these matters. I have also referred to the need there is, and the help that can be given by governments in directing trade along proper channels. In connection with the Imperial Conference, two slogans have become rather popular. Slogans are necessary for certain interests but they are apt to be misleading. There are two slogans I have heard a great deal about in the last six months; one is "Canada First"—I do not know where that came from but I think it was on a Christmas card (laughter)—and the other is "Britain First" a slogan that does not encourage me, and which, I think, Mr. Thomas claims as his particular line. (Laughter). It is not for me to touch Canadian or even British politics but I think these different slogans were invented for political purposes. I trust they served their political ends. (Laughter) In Toronto you have a fine research department, and I am sure if you submit these two slogans to the mathematician there you will find that things that are equal to the same thing are equal to one another. (Laughter.) That brings us back to the fact that the Empire Club and the

Canadian Club stand for the same—Empire first. (Applause.) I feel confident that if trade matters are looked upon broadly, with proper perspective given to the selfish interests of the manufacturer, to the interests of the consumer, and to sound development of his trade, you will find that the British Empire contains all the resources required for trade, to a greater degree than are to be found in any other country or group of countries. You will find proper development of these resources with the idea of benefit to the Empire as a whole; you will find that each individual section, each individual locality will benefit to the maximum. (Applause).

I have been much impressed with the results of the Exhibition at Buenos Aires. I understand that the Canadian section has been a great success—in fact, in some respects, even a greater success than the British section. I would like you to ask yourselves how that Exhibition would have carried on if it had not been associated with the Empire? I venture to think that the Empire was of real advantage to you. (Applause). I wish particularly in a gathering of this kind to keep away from hot air in these matters. I think that one does not need to be accused of anything of that kind in referring to the moral power of the British Empire. The British Empire is the greatest force for good and moral advancement that the world has ever known. (Applause). I have tried to show you how the future of the Empire is bound up with the prosperity of its industries. I feel that I can safely appeal to an audience of this kind to consider Empire trade in the terms of Empire. I have referred to the London Conference and we are all deeply concerned lest the continuance of it at Ottawa should not be a success. It would be tragic if our horizon should become clouded by misunderstanding.

I understand that an expert, or at least an apprentice in the trade, has been before you, telling you about politicians and British politicians in particular. We in Britain must put up with the politicians we have. (Laughter). We must permit them to go to Ottawa to do the best they can, according to their light. I would ask you as Canadians, however, to think the best of them rather than the worst—(laughter)—and to realize that in dealing with trade matters they have not only to consider the wishes of the industrialists, but they must consider the possibility of being privileged to represent the Empire at the next Conference. (Laughter).

I have spoken about these slogans, "Canada First," and "Britain First," and I think it is fortunate that this Conference is to be continued at Ottawa because it gives Canada a real chance of showing "Canada First" at its best. I trust that any of you who have influence at this conference will remember the words of General Smuts; I will quote them: "Have a plan; it may be a d.... bad plan but have a plan." (Laughter). Now, gentlemen, if there is a plan at Ottawa I trust that you will accept it as the best that is going. It may be a bad plan but it will show its effect, and the opportunity will have come for Canada to lead in the foundations of a real Empire course. (Applause).

The Rt. Hon. Arthur Meighen, President of the Canadian Club, voiced the thanks of the meeting to Sir James Lithgow.

DIPLOMACY

AN ADDRESS BY THE RT. HON. SIR FRANCIS O. LINDLEY, P.C., G.C.M.G., C.B., C.B.E.

8th June, 1931

PRESIDENT STAPELLS introduced the speaker, who was received with applause and said: I should like first to express my deep gratitude to the Empire Club of Canada for having done me the honour to invite me to address you. It is an honour which I, as a member of the British diplomatic service, especially value, because we have so few opportunities of meeting our fellow countrymen in the Dominions. We spend our whole life in foreign countries. It is one of the disadvantages of our profession and it is this which makes an opportunity such as the present particularly welcome and valuable. When I received your invitation before I left the British Embassy at Lisbon, I had to consider the subject on which I should address you. I chose that of Diplomacy, firstly because I have devoted the last thirty-five years of my life to it, and it must therefore be presumed that I know something about it, and secondly, because it is a subject of general interest especially at the present time.

Everyone in this room is in some sense of the word a diplomatist. You have to practice diplomacy in your businesses, and, not least, in your private lives. Moreover, you have to practice a certain amount of that secret diplomacy which has come in for so much abuse during the last few years. It may be useful for a moment to turn our attention to that expression. If by secret diplomacy is meant engaging peoples behind their backs in some future adventure, then I think we can agree that it is an undesirable and reprehensible practice. But if by secret diplomacy we mean the carrying on of negotiations in confidence until the result has been achieved, then, I think you will agree with me that secret diplomacy is an absolute necessity, not only of ordinary diplomatic work but also of any important business arrangement. Even in one's own house one would not care for strangers to hear the secret diplomacy which goes on continuously between husband and wife. But it is not of this domestic and business diplomacy of which I wish to speak to-day. My subject really deals with professional diplomacy. Up to the end of the 18th century, and, even, one might say, to the close of the Napoleonic wars, there was no regular diplomatic service in any country, nor were there any permanent missions in foreign capitals. When State affairs demanded it, a representative was sent abroad to reside for a period of no fixed length at the Court of the sovereign with whom he intended to deal. From this practice arose the name which is still given to permanent diplomatists. I refer to the expression "envoy extraordinary and minister plenipotentiary". The word "extraordinary" had a real meaning then, and it has been kept owing to its long tradition. Those early missions did not always have a pleasant time. If they happened to be in Turkey and negotiations did not go smoothly, they soon found that they were little better than hostages. On the outbreak of war it was the habit of the Sultan to incarcerate the envoy extraordinary and to keep him and his staff in jail until the end of the campaign. Fortunately this habit has fallen into disuse, or it might be more difficult than it is to find recruits for His Majesty's Diplomatic Service. As the relations between States became closer, and communications easier, it became necessary to have permanent missions resident in those capitals where there was business of great importance. Especially after the Napoleonic wars we find most European powers employing regular agents with staffs; but it was not till the middle of the nineteenth century that the diplomatic service took more or less the form which it has had ever since. In this connection it may be worth noticing the developments which have taken place recently in the United States. For a long time that country was practically isolated, both politically and commercially, from the rest of the world. It felt no need for a regular diplomatic service until long after most European powers had been forced by circumstances to adopt one; but, since the end of the war, Washington has found that it can no longer carry on foreign affairs in the sporadic and somewhat amateur fashion which prevailed during the nineteenth century, and the American diplomatic service is now second to none in the permanent personnel which has been recruited in the last twenty years.

Up to quite recent times, the work of a diplomatic representative was mainly political. The ambassador or minister did not worry, and had no need to worry, about commercial matters. He was fully engaged in attempting to steer his country along a peaceful course and in striving to acquire the confidence and friendship of the government and the leading personalities in the country to which he was attached. During this period his social duties were of the first importance. Much of his success depended on the personal relations which he must establish and maintain with the comparatively few people who directed the destinies of most countries at that time. His staff was small and was chosen from circles which were likely to find favour with the kind of society into which they were to be thrown. Such was the nature of diplomacy at Vienna, for instance, when I first served there in 1899. In the twentieth century things began to change; increased commercial competition and the importance of new markets began to force themselves on the attention of most governments, especially of the British government. We enter indeed, into what may be called the commercial phase of diplomacy, when the office of the commercial attaché begins to assume more importance than that of the military and naval attachés. As a consequence, the staff of the Embassy has, to some extent, changed its character, and more expert knowledge in financial and commercial matters has become not merely desirable but necessary. This commercial phase of diplomacy has been much sharpened since the war, and, as you are aware, it was never more important than it is to-day. The fact that the Prince of Wales has entered the lists as our greatest commercial ambassador is sufficient proof of the existing state of affairs.

With the Treaty of Versailles and the beginning of the League of Nations, a new phase of diplomacy opens. Many people believed that the institution of the League would sound the death knell of the regular diplomat. This, fortunately for myself, has proved a too hasty judgment; the League, so far from making the work of the regular diplomatic service unnecessary, has merely tended to increase it both in volume and complexity. Now-a-days a diplomatic representative has not merely to keep his eye on his own government and that of the country in which he resides, but has also to watch carefully the doings of the League and the trend of opinion in Geneva. In short, his task has become slightly more complicated and difficult than before.

I have up to now dealt with diplomacy in its general aspect, and now I should like to say something about the duties of British diplomatists in particular. Ever since the Empire grew into a great power, the British diplomat has had to keep the general interest of that Empire in mind quite as much as the interests of the British Isles alone. The development of the Dominions as nations and the growth of national consciousness among their peoples have in the twentieth century made this part of his duties the most important and delicate of all, for, in most capitals the British ambassador or minister still represents Dominion interests, to which, I can assure you from my personal experience, he attaches quite as much importance as he does to those of the British Isles. In such capitals, when an important question arises between a Dominion and a foreign country, the Dominion sometimes sends out a special mission to deal with it, and it is the function of the British Embassy or Legation in the capital concerned to cooperate to the best of their power with the mission from the Dominion. Thus, in 1907 the Canadian Government sent the Honourable Mr. Lemieux and Sir Joseph—then Mr. — Pope, to Tokyo to deal with the delicate question of immigration, and it was my privilege, as Secretary to the Embassy, to help these two eminent gentlemen in reaching an agreement with the Japanese government; this agreement has stood the test of time. Since the war, however, some Dominions have appointed their own representatives in countries where they have great interests, either of a material or sentimental kind. Such is the case now for Canada, in Washington and Paris, and in Tokyo where I am going; and I should like to say here what a pleasure it will be for me to find there a Canadian representative with whom I shall be able to discuss questions of Imperial interest; and I take it as a particularly happy augury of our future relations that the Hon. Mr. Marler, the Canadian Minister at Tokyo, has most kindly placed the Canadian legation at my disposal until the the British Embassy is ready to receive me. It will be for me a source of gratification and pride, besides one of considerable personal convenience, to drive from the station to the Canadian Legation, where I shall reside until I have presented my credentials to the Emperor of Japan.

Before I conclude my address, you might like to hear what I consider to be the proper characteristics of a successful diplomatic representative. I have been fortunate in serving under men of the greatest distinction, and I have endeavoured to the best of my ability to learn something of their methods from personal observations. Thus, I have seen Lord Cromer in Egypt, Sir Arthur Harding in Persia, Sir Cecil Spring-Rice in both of these countries, Sir Claude Macdonald in Japan and Sir Mansfeeldt Findlay, so long our Minister in Norway, at work as my chiefs. Some witty fellow once said that a diplomat was a man sent abroad to lie for the good of his country. This observation gives, in my opinion, a wrong idea of a diplomat; and I can say with truth I have never known any of my chiefs to lie either for the good of their country or for anything else. This does not mean that they were ready at all times to reply to impertinent questions, but it does mean that they never departed from a strict regard for truth either in conversation or in written communications. I am convinced that stable and friendly relations with foreign countries can only be satisfactorily established by a straightforward attitude. Such an attitude has the advantage of confounding and embarrassing those versed in the arts of finesse and deception; such people often cannot believe that you are speaking the truth. Another point which the diplomat would do well to bear in mind is that, whilst a certain reserve is a necessary part of his equipment, he only makes himself ridiculous by assuming secretive airs when they are not required. A representative must, as part of his duties, attempt to acquire as much information as possible from those with whom he comes in contact, and he will never succeed in this unless he gives something in return. By discussing questions frankly and openly he will secure far more success than by being secretive and mysterious.

It is a curious fact that a diplomatic representative, whatever his nationality, usually has more difficulty with his own government than with any other. It is quite natural that a man on the spot sees things from a different angle from those at home, and it is by no means always right that the views of the former should prevail. But there are times when the representative sees clearly that a course of action proposed by his government can only lead to unsatisfactory results, and it is on such occasions that his personal influence at home is put to the test and becomes of first importance to his country. I will conclude by telling you the advice which the most successful of our ambassadors at Constantinople in the nineteenth century—I refer to the late Sir William White, a witty old Irishman—always gave to the new secretaries when they were appointed to his staff. "My dear sir", he said, "never carry out your instructions". This advice, though not to be taken literally, contained a great truth. When a diplomatic representative receives instructions from his government his first duty is to scrutinize them with the utmost care and to see whether any point of real local importance, such as could scarcely be properly appreciated except by himself, has been left out of consideration. If it has, it is his duty to refer his instructions back— this is what Sir William White meant by his witty observation.

Gentlemen, I thank you most heartily for the kind way in which you have listened to my somewhat trite observations, and I can assure you it has been the greatest pleasure to me to have had this opportunity of meeting you. (Loud applause.)

A SPECIAL LUNCHEON GIVEN IN HONOUR OF EARL JELLICOE, G.C.B., B.C.V.O., K.C.B., K.C.V.O., C.B.

3rd September, 1931

President Stapells introduced the guest, who spoke as follows: I acknowledge, with a great deal of pleasure, the introduction which your President has accorded me at this luncheon, and for the exceedingly kind invitation to be present with you to-day. I anticipated a small room with perhaps twenty-five or thirty people around the table, and that I might be called upon to say but a few words without any particular meaning. (Laughter). Now I find myself with this blessed machine (indicating the microphone) (laughter), which means that people outside this room will hear all the nonsense which falls from my lips. I tell you it frightens me (Laughter). I am here to speak on the subject of the Empire, because your interest lies in Empire movements, but first I wish to express my deep appreciation of the immense tribute paid to me by your Chairman, and your kind response to that tribute. Secondly I wish to say that it does warm the heart to see such a huge gathering of people interested in the Empire, even though it brings other feelings, such as fear, to my heart, in anticipating how you will receive what I have to say.

It is a pleasure to address an audience on Empire questions in Toronto, because a lady, Mrs. Fessenden, came from Ontario and did a great deal to get Empire Day started. I think the lady came from Hamilton, but she belonged to Ontario, (laughter), and unquestionably she played an immense part in the celebration of Empire Day, which is now recognized in all British countries.

I believe what originally caused her to take this interest in the Empire Day Movement was that in the nineties in Canada, the Country, as a whole, was poor; nothing like it is now, with the immense buildings, the wonderful railways, and these huge cities. Canada in those days suffered from poverty and there appears to have been a general feeling that in order to share in the prosperity of their adjoining neighbour, Canada might dissolve from partnership with the British Empire and join with the United States. How little foundation there was for that feeling is seen in the Canada of to-day. (Applause). However, Mrs. Fessenden, perturbed by this feeling, thought she would try to educate children in the great value of belonging to the British Empire, and so by her energy and determination she created a greater observance of Empire Day, which I believe has been celebrated in the schools of Canada since 1898, and is now celebrated in all British countries. Wherever you go on May 24th you find children saluting the flag, people making patriotic addresses, and a determination to see that the Empire shall never lose its greatness, and that the traditions of our forefathers shall never be disregarded. (Applause).

Unquestionably our children are brought up to the belief that British ideals have stood and always will stand for justice and freedom. (Applause). Under this flag (indicating) are those who are free, and they may be assured that justice will be meted out to them, at any time. It is highly desirable that our children should realize the ties which unite us, especially the tie of common loyalty to the Crown in the person of His Majesty the King. (Applause). This is unquestionably the strongest tie that we could possibly have. Secondly, they must realize the ties of blood. In each Dominion one is told of the immense percentage of the population which is of British descent. In Australia I think it is something like ninety-seven percent.; in New Zealand it is about ninety-nine per cent.; and I am not sure, but I imagine Canada may claim one hundred and two per cent. (laughter); nevertheless the forefathers of the immense majority of the people of the Empire came from the Motherland, and therefore the ties of blood are strong.

What is needed is an interest in common ideals; in unity there is strength, and if each portion of the Empire is strong, if we are united, we can face the world, economically or in any other form which may be necessary. (Applause). The instinct of self-protection is one which should keep us together. In far away dominions—and I more particularly refer to Australia, and perhaps to New Zealand—self-protection is afforded by the British Fleet (applause), and our fellow citizens in those two great Dominions have realized this fact for a number of years, and have always helped in every possible way in maintaining a strong Navy. We belong to a great Empire, and if we are to be proud of it we should make ourselves worthy citizens; we should stand for justice and for freedom in the future, as we have stood for it in the past; we should set the world an example, by our good living, honesty, and comradeship. We should not speak only of one portion of the Empire, but of the whole (applause); we should maintain comradeship between all the British people. The men who are here representing the British Empire Service League have given their best to the Empire, (applause) and we, who belong to it, are proud of the fact that we do represent those who have done so much and who are prepared to do so again. (Applause).

So far as Canada is concerned, it has played an immense part in Empire work. The Canadian people have fought and made sacrifices for a good cause, and I feel quite certain that you are ready to do so again. (Applause). Canada has such immense resources at her disposal, and such a large tract of territory, that one cannot fail to look upon her as perhaps potentially the greatest part of the British Empire. (Applause). Canada is in its youth at the present time. As she grows older she will become greater and stronger, and we in the Mother country will look to her to give us a lead in strengthening the Empire as a whole. We who are from England remember the great part played by Mr. Bennett, the Canadian Prime Minister, at the recent Imperial Conference, in his proposals for promoting mutual understanding and Empire welfare. (Applause). We are still hoping that the lead given by him will bear fruit. I realize that I am getting into a difficult subject, close to politics, and had better switch off to something else. (Laughter).

Great Britain is having serious trouble, and I can understand that people in the further parts of the Empire may be questioning whether or not England is down and out, and sometimes wondering if she will pull through. England has adopted in the present crisis the same cure which took her through the war successfully. (Applause). A national government has been formed and politics have been dropped for the moment. If representatives of all parties come together in a common cause, unquestionably the government's position is stronger, and there will be no further political differences until the important questions are settled; then we shall return to our various parties again. It is most reassuring that the three great political parties of England have formed this national government. (Applause). It may be perhaps a little disquietening to hear the resolution demanding the resignation of Mr. Ramsay MacDonald and Mr. Snowden by the Trade Union Council, but I cannot believe that the general public are behind that sort of resolution. (Applause). When one gets to know the English people, when one discusses matters with the men on the street, one finds good sound common sense, and I believe that once we are brought through this trouble by the National Government, we shall come out on top and be as strong as you are in Canada. (Applause).

I think I have come to the end of my tether. I cannot make speeches on the spur of the moment, and I have a number of others to make to-day. I shall probably have to repeat something of what I have said just now, and some of you may have to listen to me again, so I had better shut up. (Laughter). But I would like to say, before I sit down, that I am very proud to be addressing such a huge audience as this, although that pride is mixed, as I said at the beginning, with a great deal of regret at having to do it. I am very thankful to you for so kindly listening to me. (Prolonged applause).

A COMPLIMENTARY LUNCHEON

To MR. KAYE DON, Famous British Sportsman.

10th September, 1931

In acknowledging the high tributes paid him by the President of the Club, Mr. Kaye Don said: I thank you from the bottom of my heart for the cordial welcome you have extended to me. I can assure you it gave me the greatest possible pleasure to accept the kind invitation from the citizens of Toronto, and also from the officials of the Canadian National Exhibition. As you know, it was Lord Wakefield's intention to come here with Miss England II and try to break my existing record of 110.223 miles an hour. Unfortunately, however, we had a little accident on Monday and realized that this would not be possible. Furthermore, I have just been told that if the boat had been commissioned I should not have been able to get my record recognized officially, as you have no Association for that purpose. I would, therefore, strongly recommend that you form an association so that if another boat should make a record in your waters, that record can be officially recognized.

I cannot express the pleasure it gives me to be with you to-day. I feel I am among my own people, (applause), and I want you to realize how much your welcome has touched me. I owe a lot to Canadians. During the War I was attached to the Flying Corps and I always felt easy when I had a Canadian observer sitting at my back. I came in contact with many Canadians and was with them at the famous Vimy Ridge; the majority of the fellows we used were Canadians, and I never felt so safe, as I said, as when I had a Canadian in my back seat.

There is very little I can tell you that you do not already know. On Sunday we won a pretty good race. It was enjoyable and we had lots of fun. The boat did very well. We averaged ninety-one miles an hour, which I believe was a record for those waters, and furthermore, I now have both the world's speed records. About Monday there is nothing to tell you. We skidded badly when rounding the corner, got into a bit of a wash, turned over and down we went. We came up again and that is why I am here (laughter and applause). I can assure you Miss England fully lived up to our expectations and you will have an opportunity of seeing the boat at the Exhibition.

I would like to pay a tribute to Mr. Fred Cooper, who designed and built the ship. He did a good job, and if it had not been for this magnificent piece of construction, the boat might have been much more seriously damaged. The engines are undamaged, for which we are all truly thankful. I think the speed that we averaged in Sunday's race paid high tribute to his engineering. I think we know something about building engines in the Old Country and the gentleman I was racing against when I won the world's record said that if he had British engines he could beat my speed. No doubt he is right. (Laughter). If Lord Wakefield consents, I hope to come back again next year and I hope to find a boat waiting in the Detroit River. (Applause). I thank you very much for the cordial reception you have given me. (Applause.)

The President: I am wondering whether we cannot inspire Mr. Don to answer a few questions. Would any of you gentlemen like to ask him a question or two? Personally I would like to ask Mr. Don, accepting his silence as consent, what, in his opinion, has been the most thrilling event in his life.

Mr. Kaye Don: Mr. President and Gentlemen, I seriously think that I ought to have had notice of this question (laughter). One or two experiences that I have had have been somewhat thrilling (laughter) but what I will relate will be restricted to racing. (Laughter.) I took part in a track race held a few miles outside Belfast. There were lots of cars travelling round this course. They were all in a hurry and there was a gentleman waiting with a cup for the winner. Halfway through the race it began to rain, making the track somewhat sloppy. My little car skidded; it was a narrow road and the skid threw my mechanic out, but I was stuck underneath the car which burst into flames. Thanks to my able mechanic and a burly Irish policeman, I was extricated with only a few broken ribs and a badly damaged shoulder. That was one of the most exciting experiences I have had, apart from the one when I went fishing on Monday. With regard to this experience, I had two sensations while we were in the water. The first one was, how was I to get out of the boat, and the second was—and there must have been a lapse of only a second—whether I was clear of the boat or not. When we came to the top I realized that everything was as it should be. (Laughter.) I think, Gentlemen, these are the most exciting adventures I have had recently. (Applause.)

A GENTLEMAN AT THE BACK OF THE HALL: Would Mr. Don tell us something about the history of Miss England?

MR. KAYE DON: I am sure, Gentlemen, you are tired of seeing me bobbing up and down, but for your benefit I may say that Miss England was built in 1930 at the instigation of Sir Henry Seagrave. It was he who conceived the idea of building the boat to race Gar Wood for the Harmsworth Cup but you know what happened to him. He had the boat with him in South America a month previous to his death and thought it would be a good idea to bring it to America. He consulted Lord Wakefield, who agreed to give the adventure his support. The boat was duly built and fitted with

Rolls Royce engines and thoroughly tested, but as you all know, there was a bad accident and his Lordship decided that the boat should not be raced again. Representations, however, were sent to him from the British Empire experts who were anxious that the boat should go on exhibition. It was thought that it would be a good idea to try for the world's speed record. We had a few controversies, but in the end were successful in attaining a speed of 103 miles an hour. We were not satisfied, however, because Gar Wood had established a record of 102 miles. After some months of hard work we managed to do 110 miles an hour and you know what has happened since. So that is the history of Miss England II.

A MEMBER: From your experience, Mr. Don, would you care to give us an opinion as to how fast a motor boat will go in the future?

MR. KAYE DON: I feel that if I answer that question, I would be treading on dangerous ground. All I can say is that in the near future motor boats, motor cars, and aeroplanes will all go faster. Miss England has done 110 miles an hour and someone tomorrow will do 111 miles. I think that in the near future a motor boat will travel at a speed exceeding 140 miles an hour. A motor car in the near future may be able to travel at 300 miles an hour, and aeroplanes at 400 miles an hour. I do not think there is any limit to speed. What a man can do to-day, another man will surpass tomorrow. There is no reason why we cannot attain a speed of 160 miles in the near future. If we progress in the next twenty-five years as we have done in the last twenty-five, we will get motor boats doing a thousand miles an hour. (Laughter and cheers.)

A MEMBER: Would Mr. Don give us a few technical details regarding the construction of Miss England II?

MR. KAYE DON: The boat is equipped with two Rolls

Royce engines which can develop two thousand horsepower each. We have a shaft, a further shaft through that to the propellor, and the propellor has four times the engine speed. The maximum number of engine revolutions is three thousand, but the maximum number of propellor revolutions is 12,000 per minute. The pitching diameter of the boat is fourteen by fourteen, and this we find most satisfactory. The engines are the same that were used in the Schneider Cup which we were successful in winning. (Applause).

The Honorable G. Howard Ferguson then moved a vote of thanks to Mr. Kaye Don.

TRANSPORTATION

An Address by SIR ALEXANDER GIBB, G.B.E., C.B.

14th September, 1931

President Stapells was in the chair. He introduced Sir Alexander Gibb who said:—May I thank you most sincerely for the honour you have done me in this invitation to meet and address such a distinguished gathering of the citizens of your great city. This is not my first visit to Toronto but it is some years since I was last here, and there are few large cities where extensions and improvements have been so rapid, continuous and imposing. It is, accordingly, always a matter of great interest to me to come to Toronto, and I congratulate you on the steady progress you are making—progress due largely to a happy combination of imagination and caution.

I have chosen the subject of Transportation on which to say a few words, because it is one of the most urgent questions in Canada at the moment, for the extent and pace of your development depends on the proper administration of your transport, perhaps more than in any other country. Your Government has just appointed a Royal Commission to enquire principally into the question of Railway and Highway competition. Its attention will no doubt also be directed to other aspects of the transport problem. This is all to the good. You cannot afford to allow uneconomic developments to impair your strength and jeopardize your future.

You may be aware that I am investigating, for the Canadian Government, another vital transport question, namely your national ports. I would not attempt to anticipate the results of these enquiries. The subject is vast and the difficulties are great. But I may be able to offer some suggestions and advice born out of a fairly long experience of such matters, and based largely on the history of transport in Great Britain, where all the mistakes that ever could be made have been made at one time or another. (Laughter).

After the War, when our Coalition Government created a new Ministry of Transport intended to co-ordinate all methods of communication, I accepted, under the title of Director-General of Engineering, the task of organizing that side of the business; I devoted some years to questions of London traffic, railway amalgamations, railway electrification, improvement and control of navigable waters, the possibilities of our canals, the reconstruction of bridges to meet new conditions, the development of ports—and so on.

Under some pressure and in a weak moment I undertook to write, a few years ago, the article on Transport for the new edition of the Encyclopedia Britannica. This was done with the burning of much midnight oil and the involved study of transportation problems from the time of Adam. I have never, however, regretted the labour. I believe, that difficult as is your task, it is light compared with the problems with which the old country was, and still is, faced, because of its many fixed traditions and its multiplicity of vested interests.

One of the outstanding features in all studies of Transportation, in fact it is an axiom, is that the various forms of transportation are, and should be, complementary and neither monopolistic nor inter-destructive. Once they are brought into artificial and exaggerated competition by unequal development, subsidizing or other means, then it can only be a matter of time before your commodities are no longer being carried in the most economical way. I think it unfortunate that the basis of rate charging for carriage of goods and passengers is the capacity of a commodity to pay, rather than the cost of carriage. For instance, to take an extreme case, although gold costs no more to carry than iron the rates charged are immensely greater. There seems to be no hope of altering this now, and there are, of course, arguments on the other side.

The civilized world has passed the early stages of transport development—the pack man, camel, mule and horse. There are now four main forms, namely, waterborne, railways, highways and air. Sea-borne traffic is considerably the cheapest; there are many cases in which the freight rate from Europe to the American Continent is no more than the cost of local delivery. Canal-borne traffic is not in the same category. The great cost of modern canal building has to be taken into consideration.

After water-carriage, the most economical mode of transport for heavy goods carried for long distances, and in large quantities, is by railroad. There is a line of demarcation where, owing to the lighter and varied nature of the freight, it becomes more economical to carry it by motor transport. There is no doubt in my mind that, owing to the Government subsidies on highways, much traffic in Great Britain is carried by road which ought to be carried by railways. Carriage by air, although the most costly form of transport, will come more into use on account of its rapidity, and because of the fact, already referred to, that the amount charged for the carriage is what the commodity can afford to pay.

You have, no doubt, made mistakes like the rest of us; they were largely the indiscretions of youth; you have done no more than young people will, for whom Providence has ordained that experience is to be bought, not inherited. The time comes, however, when you must consider whether youthful indiscretion may not be becoming bad habits. The price you pay for experience may be too high.

It is as true now as ever that one cannot continue to spend more than one's income without eventual impoverishment. You have two magnificent railway systems as great and important as any in the world. It is idle to argue, as some have, whether the one or the other has been the more assisted by public money. Whatever has been spent goes to increase the burden which your traffic must for ever bear. I have seen that immense undertaking the Welland Ship Canal; I have recently had under my consideration some aspects of the St. Lawrence Deep Waterway Scheme. These are great projects, worthy in size and imagination of your great country, magnificent conceptions that are likely to have a definite effect on the transportation question. But I would point out one fallacy that sometimes persists—though you charge no canal dues you are nevertheless quite as definitely paying for transport as you do on the railways. This is also true of highways; you are projecting a national highway from sea to sea. In this Province you have already built an admirable network of roads. I am not fully acquainted with their locations, although I know some of them well; they are just what they should be—essentially pioneer roads to open up new territories. When they cease to be that, and become duplicate lines to the existing means of transportation then you will pile up a debt which you or your children may find it difficult to bear. I have found the same tendency in your ports. Local ambitions have led to the subsidization of rival harbours, with a result that, except in time of great prosperity, none can secure the amount of traffic that would allow the most efficient and the cheapest service. It is an evil that no country has avoided, and one from which Great Britain has greatly suffered. It is none the less a mistake that should be prevented or minimized.

You have, as I have said, wonderful means of communication; this has made possible the development and progress of the last generation, but it has cost a great deal. If you will forgive the criticism, you have to a certain extent overspent yourselves. At the present time your facilities are in advance of your means. I fully share your high hopes of the future. Almost anything is possible for you, but your first great expansion is past. It will require self-sacrifice, level-headedness, great determination and energy to ensure the same rapid increase of prosperity that characterized this country in the first thirty years of this century. The curve will, I am satisfied, be upward, but it will require increasing vigilance to maintain your progress. It will not be safe to rely on an exceptional growth of population to rectify the mistakes of optimism. Do not try to advance too quickly.

There is one other point I would like to touch on though I do not propose to give you my views regarding it; that is the vexed question of public or private ownership of public utilities. I will merely say this—that the only ultimate test of efficiency that I have found, is that of ordinary business, where efficiency means success, and inefficiency, extinction. I know of no Government-controlled commercial undertaking that has permanently solved the problem of maintenance of efficiency. I do not say that it is insoluble, but it has not yet been done.

I have been asked to say a few words about the Toronto Harbour. Well, gentlemen, I would like again to congratulate you; you have a most wonderful harbour here. What impresses me is that Providence has been exceedingly kind to you, and that you on your part have taken full advantage of what was there. It is a sheltered harbour, and it is large enough to allow room for expansion; one feels, when going around it, that it is well managed, and that even in these bad times there is an air of prosperity about it. Certainly in good times it must be a place worth coming to see. One of the points that strikes me is the hinterland. You have a marvelous hinterland, and that is one of the chief factors which a harbour must have, to be efficient. I venture to prophesy that Toronto will be a more important part of Canada than it is to-day. (Applause). I cannot say more than that, because I have to be very careful—(laughter)—sometimes newspaper reporters have a habit of putting down things that we do not say. (Laughter). I wish to express my conviction that many of the things I saw show that the engineering was excellent, and I should say that your work has been very cheaply and efficiently carried out. I was also impressed by the police boat, for dealing with casualties and life-saving, which passed us. It looked to me like a man-of-war boat, and appeared most efficient. Life-saving is a most important factor in a place like this; I was asking about the results of that boat's work and they seemed to me highly satisfactory.

Before sitting down I would like to thank you very cordially indeed for asking me to come here today, and for giving me the great honour and great pleasure of meeting you. Toronto is a very well-known place on the other side, and any Britisher who is asked to address such a meeting as this ought to be exceedingly proud of himself. I hope no one will resent any criticism I have made. I speak from the fullness of my admiration and love for your country. I am particularly proud to be associated with your country in action as well as in thought, and I confidently wish you all success in your country's great undertakings. (Loud applause).

Mr. J. E. Ganong, Chairman of the Toronto Harbour Board, expressed the sincere thanks of the audience for the interesting address.

HOW ENGLAND MEETS HER DIFFICULTIES

AN ADDRESS BY RT. HON. RT. REV. A. F. WINNINGTON INGRAM, LORD BISHOP OF LONDON.

17th *September,* 1931

LT.-COL. GEORGE DREW was in the chair and introduced the guest, who said:—I must first congratulate you upon this splendid hall; when I last spoke to you we had nearly eleven hundred people crowded into a space built to hold about six hundred. When I arrived to-day I imagined this was the new club house of the Empire Club (laughter) and as I came through the lobby downstairs I thought, "My word, that Empire Club must have some money to put up this magnificent club house in five years." (Laughter.) I was reminded of the story I heard of the woman who was explaining the wonderful tour she had had. She had travelled by the Canadian Pacific Railway, and seen the Canadian Pacific Rocky Mountains, until at last she came to the Canadian Pacific Ocean. (Laughter.)

I have been asked to tell you to-day—and this is the ninth gathering I have faced in Canada, having to choose a new subject each time,—in what spirit England is meeting the present difficulties. In order to answer my subject I will carry you back in memory to August, 1914, to tell you how England met the difficulties which beset here at that time.

I shall never forget standing with Lord Roberts in the Peers' Gallery of the House of Commons listening to the even, quiet, well-modulated voice of Sir Edward Grey declaring War. One of those moments which one never forgets, a stirring moment in our lives. We were told at that time how Belgium had been violated, and that if there were not an answer by midnight War would be declared. I went back with Lord Roberts—this will interest you, I think—and I shall always remember that that great old man never said one word of "I told you so;" he had told us of the danger; he prophesied it; one of the papers had said he should have his pension taken away for mentioning it; yet at that moment when the very thing happened which he had prophesied, he never said "I told you so". (Applause.) I had just come from Beachy Head, where I spent the mid-summer, with the rifle brigade of which I was the chaplain, and we were hardly installed when we were ordered back to defend London. We had gone down to Beachy Head at half-past four, and I had arranged for the service in the evening; at half-past five we received a telegram to return to London, and were starting back by six o'clock. Then came—and in a moment you will see why I am enlarging on this—the most wonderful experience of my life, in regard to the spirit of the men of England. My London Rifle Brigade and other territorial regiments had never fought in their lives. They had enlisted under the impression that they would serve in England, having no idea that they would have to go across the English Channel to fight on the hills of Belgium. That is the message I had to break to them. I found myself with sixteen thousand troops, the only padre at Bisley. The General told me, "Put a little ginger into your sermon this morning; they have not volunteered for foreign service yet." I put a little ginger into my sermon, with the result that the entire brigade volunteered in the evening for foreign service. (Applause.) I had not met the General before, but we became great friends in twenty-four hours; he asked me to go with him to the other brigade and make the same speech. In this particular instance the Sergeant Major stood me with Sir Ian Hamilton, the reviewing officer, on one side, and General Frye on the other. I gave there what was termed "The Call to Arms", and I shall always remember the thrill I received. This brigade was unknown to me, and yet every one of them volunteered for foreign service practically that same day. This made about ten thousand men of the British Forces volunteering in twenty-four hours. I shall never forget the thanks I received from the war office. (Laughter.)

In the House of Commons I heard telegrams coming in from all over the world, the first from Canada--(Applause)—offering help to the British Empire. Then came telegrams from Australia, New Zealand, and India, all offering their resources. I heard Redmond on behalf of the Irish, saying that if they removed the British Troops, he would undertake to keep Ireland in order.

I saw the first Canadian contingent which arrived at a place called Attarr in France. They sent me a message, "We shall wait here until you come." I was exhausted; I had addressed eight regiments already that day, and when I arrived at the Canadian lines I was rather out of breath; so I said something, and then added, "Now, cheer that"—in order to get my breath for the next sentence. (Laughter.) I had been to only Toronto and Montreal on my first visit to Canada in 1907. During the course of my address I said, "This reminds me of Montreal and Toronto"; "Why not Winnipeg?" said a fellow who came from there. (Laughter.) I shook hands with seventy-two young officers and addressed nearly ten thousand men in a little market square, and it has always touched me to think that within three weeks twenty-two of those officers were killed, and five thousand men were put out of action at the second battle of Ypres. I took the memorial service in St. Paul's Cathedral in memory of the Canadians and I described what a splendid body of men they were, and how well they had fought.

Now we come to the spirit of the women. They rose to the occasion in a most magnificent way. Many girls drove motor ambulances under fire for years. Those who were not allowed to go to the front volunteered for other work, making garments and comforts for the soldiers. One evening I was asked, by those in charge of a London factory, to come and see one hundred girls who had had a terrifying experience the night before. They were working, when two bombs fell from an aeroplane; one made a hole in the street big enough for a horse and cart to be buried in, and the other fell on the house; by the mercy of God it did not explode, but the girls were thrown to the ground. The lady in charge kept her head, saying, "Get up; it has not exploded; you will not be killed", and every one of those girls turned up for work the next night. (Applause.) The church carried on as usual until we were stopped by the police, but we continued with the work in London just as if there were no war. One night I was in East London, taking a service in a small Rectory; a little servant girl had brought me a cup of coffee, and I heard over the top of the house that familiar sound, "Boom, boom, boom". I said "I hope that does not frighten you, my dear," and she answered "Well, Bishop, it does, but I keep it in." (Laughter.) This shows you the spirit of courage with which the nation—men, women and children—met the terrible dangers of seventeen years ago.

You remember that a coalition government was formed to see us through the crisis. It was not only a union of parties; it was an extraordinary union of classes. A dear old cabby who was wounded and in the hospital, said to one of my clergy, "What astonishes me is them toffs; they were so tired before the war that I had to drive them from one end of the street to the other, but at the front not only do they share their cigarettes and sandwiches with me, but they go over the top first." Employer and employee went over the top side by side, and all sense of class feeling was obliterated. (Applause.) There was not only courage and unity, but also willing sacrifice. The Archbishop's palace was used as a hospital for one hundred Tommies for two years. Many of the rich people gave their beautiful houses for hospital service. The seven hundred thousand men,—the million, if you count the whole Empire—who gave their lives, were fighting on such meagre rations that some died for want of nutrition; thus it was fitting that those who were blessed with this world's goods should make any sacrifice they could. We were a noble nation then, and in that spirit of courage, unity, and sacrifice, we met triumphantly the trials and dangers of seventeen years ago.

Now, quite suddenly to most of us, there has come upon our nation at home almost as great a danger—I weigh my words, and would not say "as great", because nothing could be more dangerous than to have little England a German Province—(laughter)—a danger in that England finds itself losing the credit of the world. When you think of what the Bank of England stands for in the Empire you will understand what it means for the Bank of England to lose its credit.

On one occasion Mr. Blye and I were in Australia, and were received by the Labour Government in New South Wales. They very kindly sent a man to meet us; in his speech he said, "The Star of Australia is rising, rising, rising, and the Star of Great Britain is sinking, sinking, sinking." (Laughter.) That was not a tactful thing to say in receiving one who came from Great Britain—at any rate there were loud cries of, "No! no! no!" When I had the pleasure of addressing the Australian Press, representing about one hundred and thirty papers, I took the opportunity of pointing out that the prestige of Great Britain was higher than ever before in those parts of the world which I had visited; I had found the rich Chinese in Hong Kong moving into a certain portion of the city to be under the British flag, and wherever I went in Japan, Great Britain's influence was more highly respected than ever. When I sat down, Sir Ernest Hardie, representing the Bank of England, said, "I want to add a few remarks to the eloquent words of the Bishop of London. The Bank of England has just set three bankrupt nations of Europe on their feet, has repatriated five hundred thousand Greeks, and is to-day the only sound thing in Europe." However we could not say the same thing in August of this year. I have little knowledge of these things, but I can quite understand that when millions are suddenly withdrawn from a bank in a great country the people think that the nation is going bankrupt; that is what happened—the world made up its mind that the credit of England was gone. I ask you "what would happen to Great Britain if there were a flight from the pound sterling?" But no one can imagine that happening.

Men like MacDonald, Thomas, and Snowden, who have given their political careers for the benefit of the nation, deserve the thanks of the British people. Their political opponents might fairly say, and no doubt will say, that they brought us to the edge of the precipice and then refused to go over. I take no political leaning, but work with all parties as well as I can. Let us give these gentlemen credit; rather than let the Nation go over the precipice, they went themselves. (Applause.) I do not feel that those who are opposing them are consciously unpatriotic; I have lived amongst the working men in East London for nine years, and they know no more about political economy than a new-born babe. They are absolutely ignorant of what is going to happen. I am ignorant myself, but you business men can realize the grave danger to England's credit at the present time.

This means a tremendous crisis, and we have to face it in the same spirit of courage that we met the crisis in wartime. Do not listen to pessimists who prophesy at such times as these. There are millions in the savings banks of England. We must show the courage for which the British Nation is famous; we must show a united front. I thank God that the political parties have joined, and I am sure that the brains of the present Cabinet will soon dispel the pessimistic attitude which is prevalent. Knowing these men as I do, I assure you that you could not pick any with greater ability than those who form the Cabinet of Great Britain to-day. We must get the Nation together, and realize that the danger is almost as great as the danger of seventeen years ago. If we show the same spirit with which we met the crisis during the dark days of the War, we must sacrifice in every possible way. With this sacrifice, unity, and courage, will come a solution of the problems, and within a few months' time Great Britain will look the world squarely in the face, and the heart of the Empire will be as sound as ever. (Prolonged Applause.)

HON. G. HOWARD FERGUSON, High Commissioner for Canada in London, conveyed the thanks of the Club for the inspiring address.

MONEY AND TRADE

AN ADDRESS BY HON. H. H. STEVENS, MINISTER OF TRADE AND COMMERCE.

8th October, 1931

PRESIDENT STAPELLS introduced the speaker. Mr. Stevens was received with applause, and said:—I responded at once to the cordial invitation which I received to address you, and assure you of my appreciation of the honor, and also the deep sense of responsibility which must rest upon anyone who would address a body of men, such as I see here, on any subject of importance and material interest. My remarks will be made deliberately, and some of my views will not be accepted by you; indeed, some of you may find yourselves violently opposed to my views. I hope, however, to lay before you an assembly of facts upon which intelligent men may profitably ponder, and form conclusions which might be helpful in these times of financial stress and strain. The subject of Money and Trade, or the place of money in trade, is one that could stand a great deal of discussion, although you have been generous enough to offer me sufficient time to deal with it in a fairly comprehensive way.

About a year and a half ago the British Government appointed what is known as the McMillan Commission, whose report, made last June, I have had occasion to study with some care; though I do not agree with some of its conclusions, no one could read that report without profit; as an analysis of the topics which it undertakes to survey, it is perhaps superior to any presented to a Government for many years. As it is desirable that we should have clearly in our minds the importance of the theme, my address will be opened with a quotation from that report. The McMillan Committee report, in its introductory section, says:—"Any difficulty besetting our task has been due to the complexity, not to say mystery, in which the problems of finance are involved." I pause here to emphasize this—"the perplexity and mystery of problems of finance." The report continues:—"It is no exaggeration to say that to the vast majority even of intelligent people, the principles of finance and the theory of money are a closed book." That is a startling statement, in view of the fact that all of us are interested in money and largely affected by its influences upon the commercial and industrial activities of life. The Committee go on to say:—"The foundations of our financial system are being re-examined. Dogmas hitherto regarded as canonical are being questioned." There is no doubt that a re-examination of our financial system is going on, and bearing this in mind I would ask you to fix in your memory a few facts which will form the basis of my arguments.

"The first fact I wish you to remember is this:—The gold standard under which the world's commerce is transacted is not functioning successfully. Please do not jump to the conclusion that because I say this, I am knocking the gold standard; in London last year I discussed this with some of the leading bankers, and they admitted the fact. As Sir Robert Peel once said, the admission of the problem in front of you is half the battle; but if we bluntly say that the gold standard is functioning, there is not much hope of arriving at any solution. So I ask you to accept this fact, that with regard to the handling of the world's commerce, the inter-change of trade between nations, and so on, the gold standard—the monetary system under which we are operating—is not functioning successfully. The second fact to be remembered is this:—France and the United States hold nearly seventy per cent of the world's gold, while they transact only twenty-six per cent of the world's business. That is a fact; not a matter for argument. The third point I ask you to fix in your memory is this:—While one-third of the human race, which might be termed Western Civilization, including Europe and North America, has so perfected its system of merchanized production that it has more goods than it can consume or sell, the other two-thirds of the human race, which can be classified as Eastern Civilization, is in dire need of those things which lie rotting in the possession of the other division, and over the whole human race hangs, like a funeral pall—want, poverty, idleness and social disintegration. I pause to emphasize that fact—two-thirds of the human race are in dire need of those things which the other third have in such abundance that they do not know how to dispose of them.

We talk about good times being around the corner because inventories are being depleted and, therefore, factories must replace depleted stocks. I admit that from that angle there may be stimulation of business, but remember that in Western Civilization we are equipped to produce in prodigious quantities, beyond our power to consume; and keep in mind this other fact—that the other two-thirds of the human race are in need of these things; surely it ought not to be beyond the wit of man to transfer goods to where they are needed. That is the job of the bankers of the world; may I say to the bankers here, I am not reflecting on you; I am merely laying before you the conditions. Some people seek to escape these intricate problems by saying, "trade is just barter." In some measure this is true, but money has become inextricably interwoven in all trade, personal and international. It is senseless for us to seek refuge behind the old observation that whatever happens to the monetary system in the course of trade is just barter. Russia started to do that about ten or twelve years ago, but the progress of events shows that although they have a million men in arms to enforce their will, the Russians are coming back to the utilization of money, in the full sense of the term, in their trade affairs. They have their trusts, their banks, and so on, and they find that money is essential to the successful transaction of business, inside the country and, even more so, outside.

Money, then, is a medium by which an individual or corporation can dispose of something of value, temporarily postponing its replacement by another article, recognizing in the money the equivalent of goods or property which may readily be obtained in exchange for this money. Therein lies the necessity of money in the exchange of goods between either individuals or countries. We know that in order for money to be used, it is essential that it carry the confidence of those who are handling it in trade. If a monetary system fails to carry the confidence of persons throughout the world, exchange of goods becomes increasingly difficult. This is obvious, but I think it is necessary at times to re-state the simplest facts in order that we get a clear perspective of our problem.

From time immemorial money has been represented in gold and silver coinage. Copper and bronze have been used in small transactions, but that metal has been so insignificant as to be immaterial in our discussion. Since 1873 the leading commercial countries of the world have used gold as the single basis or background for their currency issues in the settlement of international exchange obligations. The history of that particular period would repay any student of this subject for the time required in study. I can no more than briefly refer to it. In 1873 Germany received from France a billion dollars in gold bullion. Germany conceived the idea of going on the gold basis. Great Britain had been on a gold basis to a certain degree since 1815. Great Britain and Germany, from that time forward, went on a single gold basis. The result was a stream of German silver dumped on the markets of the world, and the older members of my audience will recall that we used to look askance at the German silver. France and the Latin countries were unable to absorb it, and in 1885 these countries were forced onto the gold basis. That is an historical fact worth bearing in mind when studying this problem. I would emphasize this point, that during the last thirty or forty years, recognizing the difficulty of spreading gold out thin enough to cover the requirements of the human race in trade and commerce, we have been building up fiduciary currency. In some measures this has supplemented gold, but the happenings of the last two weeks have made clear the precarious character of a fiduciary currency; that is, the moment there is anything in the nature of a trade disturbance, countries look askance upon the fiduciary currency of others, perhaps without a technical knowledge of its security, and they at once demand a gold settlement. I think I can safely say that fiduciary currency has proven itself precarious in character; the intensity with which the nations, bankers, tradesmen demand gold in settlement of international obligations is an illustration of this point.

I wish to say just a few words about the gold standard. All this has to do directly with the question of Money and Trade. There are certain essentials required of and gold standard before it can be considered a useful or effective method. The first essential is that it must be international; that is, the leading nations of the world must be upon the gold standard, if the gold standard, as such, is to successfully function in handling the trade of the world. Secondly, it must have a common attribute; that is, the monetary unit of each country should possess a gold value prescribed by law, and this value should be of a stabilized character. The very essence of a gold standard is stability of value in the monetary unit used in each country, because the stability of that unit is in comparison to units of other countries on the same standard. The third point is vitally important, and you will at once recognize how easily we depart from this particular essential of the gold standard, namely, there must be the right to freely import gold and tender it in unlimited quantities to the central authority, where it must be received and used in the currency of the country; on the other hand—and this is more important still—there also must be the unlimited right to withdraw and export gold in unlimited quantities. Otherwise, your gold standard fails as far as that particular country is concerned. That is the task put before the various countries who have the gold standard. Britain, Denmark, Sweden, several other countries have gone off the gold standard. The United States has half of the world's gold; France has about a fifth; the other countries are now faced with big, intricate and indefinable influences which are withdrawing gold from them, and an intense effort is being made to retain gold sufficient to bolster up the standard on which their currencies are based. The main purposes of an international gold standard are, briefly, as follows:—For the purpose of maintaining foreign exchange at a common level; to preserve a moderate uniformity of prices among the countries on a gold basis; and to secure stability of prices and exchange.

The McMillan Report was made in June, before Great Britain went off the gold standard, but even then the Report stated that the anticipations of those responsible for Great Britain returning to the gold standard in 1925 had not been fulfilled. I am going to give a few examples of the failure of the gold standard at the present time, as taken from the McMillan Report. That Report states that Britain should adhere to the gold standard—but they have gone off it. The Report says, further, that they should lower the value of gold in terms of commodities; in other words, an effort should be made, under this gold standard, to raise the prices of commodities. On that point they go into a long dissertation which I cannot take up at the moment; but the fact is that prices have not risen; they have fallen and are still falling everywhere. The third example of failure, as mentioned in the McMillan Report, is that after prices had been raised they should be stabilized. Now there is no need whatever to stabilize prices throughout the world to-day, particularly in gold standard countries.

I wish to refer briefly to the prices of commodities, because it is necessary to keep this in mind. Take the average of the whole British index. In relation to the index in 1913 equaling 100, the index in 1924 stood at 160; in February last it stood at 91; and to-day it is somewhere about 78. The fluctuation runs thus: 160, 135, 127, 106, 115, and then it fell to about 91 and 78. Talk about stability of prices? Talk about keeping prices on a higher level? The direct opposite has been occurring, and is occurring; and all authorities agree that it would be a calamitous thing if prices were stabilized at the present low level.

A word on the visible supply of gold. The average supply we have had for monetary purposes is 10 billions of dollars. Keep in mind that this is not my opinion; these are facts. Of this amount, five billions of dollars, or one-half, is held by the United States, and one-fifth, or two billions, by France. That is, seventy per cent of the world's supply of gold, the basis of our financial system in relation to trade, is held by two countries; yet those two countries do only twenty-six per cent of the business of the world. Something is radically wrong, and it is the business of the world to address itself to the correction of that wrong; any local adjustment that might bring a little activity here and there will do us no good unless this great world problem is solved.

Now, in relation to the production of gold—and this to my mind is an appalling truth which is little appreciated by our people—we, the people of the British Empire, produce seventy per cent of the world's gold! (Applause.) Think of it! Don't applaud; weep!—seventy per cent of it is now in the possession of two other countries. Yet the people of the British Empire —Canada and South Africa are the main producers—

have since 1919 produced £700,000,000 worth of gold, and it has all, or most of it, gone into the hands of others. England has proudly raised her head and paid her debts, but has bled herself white in doing so. Canada is struggling to meet her foreign obligations, and we can easily do it if given a chance, and we Canadians will do it, but in doing this we are bleeding ourselves white of this yellow metal. The world's gold production in 1930 was £83,000,000, or roughly, $400,000,000. For industries and arts, about $180,000,000 of gold is used annually, leaving for monetary purposes, $220,000,000; the leading experts of the world estimate that this is $100,000,000 short of the requirements of the financial gold standard systems of the world. In other words, it requires about a three per cent per annum increase, or $300,000,000 in gold, to maintain the gold standard. It is estimated that by 1940 we will have to make up a shortage of over $200,000,000 a year to meet the requirements for the support of our fiscal system on the gold standard basis. We are short now, and the shortage is increasing. The problem is confronting all those who are interested in the subject—traders, bankers, publicists, statesmen and businessmen; if we are going to continue on the gold standard basis how can we do it in the face of this shortage? I know there are those who will answer, "We have a fiduciary system; we have bills of exchange and acceptances, and all this." But bills of exchange and acceptances are only good as long as the country, and the business concerns upon which they are made, are in a healthy and stable condition; the moment a small percentage of those backing the paper that you are handling get into trouble, the public will lose confidence in that whole class of securities. From the foregoing figures it will be recognized that we are placing a most unusual strain on the gold supply of the world; and this, in turn, is resulting in an acute demand for gold. The very fact that there is a strain upon the gold that we possess, that it is inequitably distributed and that the production is below the requirements, is stimulating the demand; because, when there is fear of scarcity, there are those who, in a panicky state of mind, seek to secure more and more of the article supposed to be scarce, and in this case actually is scarce; the increased demand inspires the desire to hoard gold. A man in New York asked his banker for a million dollars in order that he might put it in a safety deposit bank, and thus make it useless to the country's trade and business. The present condition makes such countries as have little gold nervous and panicky; it destroys confidence in currency not strongly backed with gold. This, in turn, demoralizes trade, which is largely carried on through bills of exchange and acceptances.

I turn briefly to another study, that of the relation of silver in trade, particularly to trade in the Orient. China and India are the largest consumers of silver. During the last fifty-six years India has taken twenty-three per cent of the world's production of silver. Do not think that if silver were re-monetised China and India would immediately be selling you silver, or disposing of silver. They are the biggest consumers of silver, and in 1928 China and India took 229 million ounces of silver out of a world production of 250 million ounces—over eighty per cent of the world's production. A word as to the value of silver; keep this thought in mind, and relate it, rightly or wrongly, to the fall in prices. From 1792 to 1837 the average price of silver was $1.38 per ounce; from 1837 to 1873 it was $1.29. Then the decline in the price of silver commenced and from 1873 to 1931 it dropped from $1.29 to 28 cents. When you consider that in the Orient, with two-thirds of the worlds population, the wealth of the people was not in insurance policies, and other various forms of security, but in silver—silver ornaments and silver hoardings,—you at once see that the wealth of the individual was cut in the ratio of $1.29

to 28 in fifty years. From 1492 to 1930—438 years—the ratio of silver production to gold was 14-½ to one. I would like to talk for an hour about this, because for fifty years this ratio has been 12-½ to one. There is no fear of gold outstripping the production of silver. After an exhaustive study I think there is no reason whatever to fear that the production of silver would be so great as to be beyond our capacity to absorb. Let it be remembered that silver has been the money of the Orient from time immemorial, and is the money of the Orient to-day, in spite of all other countries. The average price of silver for the last 140 years has been $1.25 per ounce; it is now reduced to about 28 cents per ounce, or about 22 per cent of its former value.

I spoke to you a moment ago of the difficulty of selling the productions of the West. I have told you of the need of goods in the Far East. But you are faced with this incontrovertible fact—that the purchasing power of the East has dropped in the ratio of from $1.25 down to 28 cents. This means that those silver countries have not been able to trade except within narrow limits, while the rest of the world—that is, Western Civilization—has piled up huge accumulations of unsaleable goods. The economic and social chaos of India and China is in a large measure attributable to the decline in the value of silver, to it being demonetized by the rest of the world, and to the consequent collapse of trade through inability to purchase goods abroad. The thought behind these expressions of mine is this—until we re-establish Eastern civilization, re-establish their economic conditions and stabilize and restore their capacity to buy, we are not going to solve the world's problems of depression and lack of trade. I am convinced that one is warranted in concluding:—First, that gold alone as a basis for domestic currency and international exchange settlements is insufficient; in the second place, that a fiduciary currency, while highly convenient for internal trade in times of peaceful stability, is subject to extreme fluctuations in periods of social or economic disturbance, and consequently cannot be considered as a reliable measure of values; and thirdly, that silver was a most vital element in trade structure, and still plays an important part in the activities of a large portion of the world's population.

From the dawn of human history, through the centuries when ancient Egypt, Greece and Rome flourished, through the centuries that have watched the stately progress of India and China, on through times of the more modern civilization of Spain, France, Britain and America, silver and gold, in perfect and unvarying harmony, have met all the intricate requirements of man's trade. These two imperishable metals, until they were divorced by the arbitrary action of Britain and Germany in 1873, formed the basis of a real and indestructible monetary value, preserving an almost uncanny stability in the ratio of one to the other throughout the long centuries. In that fateful year, 1873, Britain and Germany—later to be followed by France, Spain and Italy—denied to silver its ancient right of admittance to the nation's mints. Thus deprived of its use as money, it lost much of its value, and became a mere commodity.

I pause to say this; in the last year or two, when I have spoken of silver as a money, I have often heard the observation made, "Silver is but a commodity, and must reach its commodity value". My answer to that is to put gold on a commodity basis, and what will its value be? What gives gold its monetary value to-day? Not the filling of teeth, as Babson says; not arts and sciences; but because it has a different interest and position as the basis of money. When you deprive silver ore of its use as money you destroy the largest portion of its value for humanity; as a commodity silver fell, and will continue to fall if still valued as a commodity. New methods of trade settlement were introduced; fiduciary currencies established by the billions; the use of gold was restricted to bank reserves and international settlements, but the commerce of the world became more and more difficult; first in the Far East, and now over the arrogant nations of the gold standard—Europe and America—stalks the phantom of want, misery, and unemployment.

I cannot close without a word of hope and a note of optimism; I do not like to be too blue. What I have said was not with an idea of being depressing, but with an idea of placing before you what I believe to be one of the big problems of the world, quite overshadowing the solution of our internal problems. Restore silver to its ancient position as a companion to gold, as the basis of a real and usable money, open the mints of the world to silver, and you will restore and stabilize the economic life of eastern civilization (applause); you will open to the nations of western civilization those vast markets which, by the wanton action of 1873, have been gradually but surely closing to your trade. I have an abounding confidence in Canada. I am not to-day unmindful of our wealth of resources, the virility of our people and our ability to move out of this period of depression, whatever the rest of the world may do. I believe in the British Empire; and while there are those who are to-day severely critical of Great Britain because she went off the gold standard, I still believe in her; I have confidence in the good judgment and the wisdom of the leaders of the British Empire. (Hear, hear).

I do not like to deal in superlatives, and I do not think I am doing so now when I say that never in the history of the world have there been problems of such complexity as those which have confronted the leaders of Great Britain in the last ten years. The problems of the war were serious, but we were buoyed up with intense enthusiasm. Within the last ten years the world has seemed to be drifting to chaos. Above all, I believe in the elements of justice in trade and in finance, as well as in the dealings of man to man; to my mind it will be only when we of western civilization—I apply that general term to the countries of Europe and North America—seek to do justice in respect to those in the far Orient—whom we unquestionably deprived of a large portion of their wealth—that we will see the way clear for progress, stability and facility of trade one with the other. (Loud Applause).

HON. GEORGE S. HENRY, Premier of Ontario, expressed the high appreciation of the Club for the interesting and instructive address.

THE MEN WHO SAVED ENGLAND

AN ADDRESS BY VALENTINE WILLIAMS, M.C.

15th October, 1931

MR. WILLIAMS was introduced by PRESIDENT STAPELLS. He spoke as follows: It is a great pleasure to face an audience after my experience over the radio in the United States, where I was employed by the National Broadcasting Company of America for the purpose of explaining Britain to America, with the object of bringing these two peoples closer together. I have always been a little ashamed to find how much better Canadians seem to know England than Englishmen know Canada. There are threads of parentage and friendship stretching from all parts of this great country to the remotest places in the British Isles. The radio and the motion pictures offer mediums for spreading to the humblest home in Britain knowledge of Canada's industrial and agricultural life. Thousands of people in England do not know what a grain elevator is, and would be thrilled with the marvels of Canadian transportation methods. I look for the day when the wonderful scenes in Canada will form one of the most interesting features of the movie and radio.

My subject is word-pictures of the men who saved England. I start with King George not only because he is our monarch, but because he took the lead in forming the National ministry. I do not have to tell you about the King's appearance, or that even when not in uniform he is a very distinguished-looking man. He comes from one of the oldest lines of kings in the world, and I understand that he can trace his ancestry to Alfred the Great. He is often seen in uniform because the English like to keep up old traditions, wishing him to drive to Parliament in the gold coach, surrounded by beefeaters. When we think of the King at home we do not picture him in ermine robes, wearing a crown; we think of him as one of ourselves, as a man who might have been just a king, but who prefers to be an Englishman. The King has always put the interests of his nation first, and his own interests second. He could not help being born royal, but it takes real character to overcome that handicap. (Laughter). I wonder whether you ever considered the desperately lonely life a king leads. I have been traveling around for thirty years, and have met various monarchs, and they all seemed to have an air of aloofness. Do you realize what it must mean to be always surrounded by smiling submissive faces; never to have any real friends? The King seems to have deliberately set out to overcome all these handicaps.

The English constitution has gradually shorn the Crown of nearly all its power. At the present time the Prime Minister advises the King as to the foreign policy, and the King is bound to accept his advice; the Premier, not the Crown, is responsible to Parliament for the acts of the Government, while the King remains above rough-and-tumble politics, and is never dragged into controversial debate. But King George, while remaining a strictly constitutional sovereign, has never been willing to be a mere puppet. He is king, but he likes to be the first and the best Englishman in the land. He has never said to any of his prime ministers, as he might so very well have, "I wash my hands of the whole business; it is your job; now, go away and settle it among yourselves." He has taken the stand that the Crown is an integral part of the constitution. Again and again he has used the immense prestige of his position, and his unique situation outside of the parties, to intervene when dangerous political crises threatened. He did this at the time of the fight over the House of Lords; again on the eve of war, when civil war threatened in Ireland; and again the other day when he hurried back from his holiday in Scotland by special train to help the political parties meet the financial crisis. (Applause).

That rather terrifying old lady, Queen Victoria, resisted every attempt to deprive her of personal power. King Edward was no more successful in resisting the progressive shearing away of the prerogatives of the Crown. The King, while remaining strictly within the framework of the monarch's office, as it is now laid down, has succeeded in finding a new position for the Crown—that of Umpire. A man of less character, a king of the constitutional stamp, trying for what he and his family could get out of it, would not do this; but the King, as I keep on saying, is an Englishman first and king second. In the army an officer must look after his men before attending to his own comfort; that rule has been followed by King George; he has made his whole life subservient to the welfare of his people. (Aplause). The war, as you know, cut right across his personal relationships; the Kaiser is his cousin, and other relatives were in the lists of the enemy, but King George cut the painter, and was the staunchest Briton of us all. Throughout the war he gave the nation the lead in the matter of rationing, and I may tell you that the King was eating margarine when the butlers and maidens of Mayfair were insisting on butter. He never lost faith, though politicians were wobbling and asking, behind their hands, "What if the Germans won?" The King never doubted ultimate victory. Sir Henry Wilson, that great Irishman, now dead, used to tell about Mr. Asquith in the early days of the war asking him, "What do you think would happen if we lost the war?" Sir Henry turned around, tapped the old gentleman genially on the knee, and said, "They would hang you!" (Laughter).

There is no nonsense about King George. He is a simple man, and talks like a sailor. You have all heard him on the air. He has been called the ordinary man, which is perfectly true. One thing life has taught him is infinite capacity for pity. He seems to understand the man in the street in all the stormy times he and his people have seen together—the great war, the general strike, widespread labour troubles, and now unemployment. His sympathies have gone out to the voiceless mass, to the man in the trenches, and to-day to the unemployed. I would like to tell you, with great deference, a story of what happened to myself, because it illustrates a trait in King George that endears him to any who meet him. During the war I had to go to the palace for investiture, with some 500 or 600 officers of all ranks and colors. When I was stepping backward after the ceremony, to my astonishment the King turned and asked me about a young officer in my regiment who had been killed three days before. It seems he was the son of a personal friend of the King's, and His Majesty held me for three or four minutes—while this immense mass of people were waiting—to ask about this boy, how he had been killed, what was the latest news, where he was buried, and some things about his elder brother, who was still at the front and who was destined to be killed two months later. I thought it an extraordinary thing that a man in the King's position, with his enormous responsibilities, merely at the sight of the uniform of the regiment of his friend's son, should have found time to stop, irrespective of the inconvenience to everybody else, to ask the latest news of this fatality. (Applause).

There is a lot of nonsense and rubbish talked about the King being afraid to have his own way as husband and father. The King is like a captain on the bridge of a ship, and if everything is not ship-shape and done in the regular way, even John Bull or Margery Daw would have nothing to learn from the vigour of the royal language. (Laughter). When I was in London in 1918 a certain peeress gave a dinner-party followed by a dance, two days after the great German offensive, about the time Haig issued his famous command, "with our backs to the wall." The King heard of this dance, and I can tell you I never heard such a row as broke out in the brigade of Guards. The husband, who was serving in the brigade, was summoned, and what his General told him—as the saying goes—is nobody's business. (Laughter). Many people may think this an old-fashioned point of view, but the King regards himself as head of the nation, and the peerage as one of the orders of the nation, preserving the constitution as it exists to-day. He expects peers to behave, and to act in accordance with the responsibilities their rank confers, one of which is a seat in the House of Lords. By his insistance on this principle he has made his house and the Court a model for the whole Empire. (Applause). London society to-day may be mixed; all kinds of people may get into it, through money or through influence, but they do not get into the Court. The Lord Chamberlain is pitiless in barring those who have infringed the laws which make people eligible for presentation; and in that way the King, aided zealously by his beloved Queen Mary, has made the Court of London the purest and finest home circle that exists almost anywhere in the world. (Applause).

Now, I come to Mr. Ramsay MacDonald, and I shall begin with a story. One of the most ancient buildings in the city of London is Guildhall, where young people of both sexes often go at the luncheon hour to read and find a little culture in their leisure. If you had gone there in 1885 you would have found, seated at one of the desks, a raw-boned, rather shabby, dark-haired young man. He had come from a distant village in Scotland where he had been brought up in the direst poverty. He was getting ten shillings a week, addressing envelopes for a cycle touring club. If you ask me how it was possible for any young man to live on ten shillings a week fifty years ago I will answer that it was possible, because Ramsay MacDonald did it. A friend gave him a bed. He ate one square meal a day, costing five cents. For the rest, he had hot water, and oatmeal which his mother sent him every week from Scotland, for which he scrupulously paid her. He tells us how nourishing hot water can be when you get used to it. Ramsay MacDonald was forty before he was elected to Parliament and emerged from comparative obscurity as Secretary of the Labour Party. Eight years later the war intervened and brought one of those tests of a man's character. He was then a candidate, more or less assured, for a government office with the Liberal government. However, when the war broke out he could not persuade himself that the Liberal government had exhausted its efforts to maintain peace. He could not help feeling that behind the spectacle of Belgium's failure was the glint of the Prussian bayonet; also, German and Austrian socialists were plucking at his sleeve. When Mr. Asquith asked him what his attitude would be toward the declaration of war, he replied, "I will have nothing to do with it"—and he walked out into the wilderness. Mind you, I think he was wrong; the time to protest was not in 1914, but in the years before. If any part of the nation had followed Mr. MacDonald's lead we should have had the Germans in London by Christmas, and the cause of peace would have been put back a century; but the man insisted, and though he was hounded and persecuted during the war he never betrayed himself; he bears today the traces of that ordeal.

MacDonald made the impression on me of being a man with a seared soul. The ignominious poverty of his youth and his early struggles in London seem to have filled him with a sort of curious indignation toward the whole order of things in Britain. You can imagine the Gethsemane he must have gone through, seeing all the patient labour of years swept away at the blast of the bugle of war. See him in the House of Commons—not now, but before the Coalition—when a Tory jibe would bring him to his feet, his dark eyes burning, his whole body trembling with emotion, his voice scathing. Ramsay MacDonald, as a Celt, has all the proud touchiness of the Highlanders. As a speaker he is more impressive than eloquent. You have heard his sonorous voice; you know its whir-r-r. Whenever I hear him I am always reminded of the Scotch drill sergeant who told his Scotch soldiers, "When ye hear the wor-r-d 'Tur-r-r-n' ye'll tur-r-r-n". (Laughter). When you talk to Ramsay MacDonald, as I often have, he is courteous, charming, full of magnetism, attentive; but you realize at once that the man is unapproachable. He looks like a romantic, but he has the analytic mind of the scientist. He seems to move on a different plane from other men. His enemies say that he is insincere, a trifler with truth; his own party call him arrogant; but I think Ramsay MacDonald is so overwhelmed by the goal he has set himself that at times he is inconsistent without knowing it. He has been both injudicious and inconsistent on many occasions, but I do not think you can say that he is insincere. (Applause). It has always seemed to me that but for the accident of his birth Ramsay MacDonald might have been of great prominence in the Gladstone tradition. He was born in a cottage, and that is why he espoused the cause of the under-dog. If his cradle had stood in a palace, or a manse, I think he would have assumed a more bourgeois form of politics. The whole coloring of the man is bourgeois. Not Marx and Lenin, but the heroes of the English Revolution are his ideal. The Carlyle portrait is the most prominent feature of his drawing room, and when visitors go to Chequers for the week-end he always takes them through the church where John Hampden lies buried, or to William Penn's cottage, both of which are in the neighborhood.

They say MacDonald is a rebel; he is nothing of the kind; he is a leader; he is of the stuff that leaders are made of. Power is to him as the breath of his nostrils.

He is a man who must always be on top. In whatever position he has found himself he has risen immediately. The fact that he cannot stand criticism, and that interference wounds him, has made him many enemies among his own party; also his inability to suffer fools gladly. Now Ramsay MacDonald, for the second time in his career, has gone out into the wilderness. He has found freedom at last. You must realize the extent to which he is hated by the Conservatives in order to appreciate the courage of his position in leading a Nationalist Ministry. The Tory is a good hater—I am a Tory myself, so I know (laughter)—and they have never forgiven or forgotten his attitude in the war. The Liberals have no use for him, either; they fear him. To use a political simile, Labour caught the Liberals bathing and ran away with their clothes. In other words, the Labour platform contains everything the Liberals have to offer the working man. Therefore, Ramsay MacDonald must of necessity try to find his way among his former enemies and present friends by whom he is surrounded. At sixty-five he is facing a new career. I would like to read you a sentence of a radio address he made:—"I have given my life to building up the Labour party. I was present at its birth. I was its nurse when it emerged from infancy and attained adult years. At this moment I have changed none of my beliefs and ideals. It is said I have no Labour Party credentials for what I am doing. I do not have them, but I am certain that, in the interest of the working class, I ought to. But I do have credentials of even higher authority. My credentials are those of National duty. I obey them irrespective of the consequences." (Applause).

Now, gentlemen, I want to tell you, in a few words, about Stanley Baldwin. The point to be constantly remembered is that he is English of the English; the reason he makes so many blunders is that he is English (Laughter) ; they say of him that he is the only man in England who knows that Baldwin is always right. (Laughter). He is one of those men to whom the camera does no justice, for he is a red-headed man gone white. His firm is Baldwin & Sons, with the father at its head. For the greater part of his life he was unknown to the British public. He was too old to fight in the war, and too valuable as an employer in the making of munitions, to be spared. It irked him to be making money out of the Empire, and he handed one-sixth of his income as a gift to the nation. (Applause). The mistakes Mr. Baldwin makes are of the heart rather than of the head. His friends say that he is honest; his enemies say he is pig-headed; the truth lies somewhere between those two extremes. He has been amazingly lucky in stepping into a dead man's shoes. When poor Bonar Law—that great Canadian—took office as the Premier of Britain in 1922, he was destined to lay down the office within a few months because he was dying of cancer. The choice of a successor lay between Neville Chamberlain and Walter Long. Neither could be agreed on, and the choice came to Baldwin. He was chosen because of his honesty, and because he had no axe to grind. He is the kind of man who seems to act from conscience rather than from expediency; therefore his critics say he is not nearly enough of a partisan. One instance of this is his quarrel with the great press lords—your Lord Beaverbrook and my Lord Rothermere. Mr. Baldwin says he will not permit press dictatorship, but I think a shrewder man would have realized that the man who quarrels with a newspaper has the wrong end of the stick. (Laughter). They say he is in the grip of the party machine; that the old gang and those who sit in the back, whom nobody hears about, get all the best jobs and the easiest seats, and that the young men who should be in the Conservative Party are driven to Labour as offering a better chance of a political career. One of those young men is Mr. Baldwin's own son, who was with me in the Irish Guards; the last time I saw him was in the House of Commons when his father called him away, and I was treated to the spectacle of the ex-Prime Minister of the Conservative Party and his son Oliver, the Socialist, walking away together.

Mr. Baldwin, as you know, is Rudyard Kipling's first cousin. He has all Kipling's intense love of literature. His speeches show a rich, well-cultivated mind. He is a godsend to writers, because reading is his great occupation. On one occasion I was at the Travelers' Club in London, and Mr. Baldwin, who was about to take office for the second time, was there. Somebody started talking about the war, and I was airing my opinion that in the future war would be one of the things about which people would fight as they did in the old days about religion. Mr. Baldwin listened, and then took me by the shoulder and said, "Why do you bother you head about politics? Go away and write another thriller, and let us take our minds off this unpleasant topic." (Laughter).

Well, gentlemen, there you have the figures of the three men who are endeavouring to save England at the present time—The King, the present Prime Minister, and the Conservative Leader. Each of them in his own way has shown his willingness to subordinate his own interests to those of the country. The thought of these men at the helm brings to mind the words of our English poet, however hackneyed; they are truer to-day than they ever were:—

Nought shall make us rue
If England to herself do rest but true.

(Loud applause).

President Stapells voiced the thanks of the audience for the inspiring address.

INDIA IN TRANSITION

An Address by COLONEL F. FRASER HUNTER, D.S.O., Military Order of the Dragon, Croix de Guerre, Persian Medal of Valour, F.R.G.S., Late of the Indian Secret Service.

22nd October, 1931

President Stapells introduced the speaker. Colonel Hunter was received with applause and said: The economic crisis in the Western world has dimmed interest in Indian affairs. Mr. Gandhi, his goat, single garment, and the one string of independence to his political spinning wheel have almost faded from our horizon in the past few days. Mr. Ramsay MacDonald's blunt refusal to act any longer as goat for Hindus or Moslems, and the local English election drama have seriously effected Mr. Gandhi's political box-office receipts, and all but extinguished his fame as a head-liner on the stage of the Indian Round Table Conference. Histrionism and limelight have had their day to the profit of journalism, and the delegates to the Conference, free from the vagaries of their star, are able to return to the stern realities of rehearsal for their coming tour in India. When British official communiques and the world press have so accentuated the importance of Mr. Gandhi it is well to assess the perspective of that accentuation. Mr. Gandhi, in the view of the late Viceroy, Lord Irwin, is a very representative person, but it is doubtful if Lord Irwin's opinion is shared by a single British individual with any serious experience in India. The Mohammedans have no use for Gandhi. Recently, in London, Mr. MacDonald's instructions to Gandhi to settle the communal differences between Moslems and Hindus, both of whom Gandhi claimed to represent, were a challenge to Gandhi to make good his claim.

Much water has passed over the political dam since Lord Irwin formed his high opinion of Mr. Gandhi. Gandhi's own Congress Party, by an impartial tribunal, has been judged responsible for one of the worst Indian massacres of recent times—the murder of hundreds of citizens of Cawnpore and the maiming of thousands more. Gandhi's answer to this massacre was a repudiation of responsibility, a mild admonition to the guilty, and a day's fast. The Government of India have recently passed a Press Bill designed to put an end to the wholesale assassination of British officials by Indian youths, instigated to murder by public bodies through the deification of those who commit such crimes in the name of political India. Gandhi himself, at the last meeting of the National Congress at Karachi, placed the crown of martyrdom upon the memory of Bhagat Singh, a most cowardly murderer, and lent his sympathy and support to the notorious "Bhagat Singh Murder Resolution" passed by the Congress in honour of the assassin. The wholesale murder following this approval of crime by India's self-styled leader threatened Gandhi's claim to the title of "a man of peace", and he promptly paid lip service of discouragement to the movement for which he himself was largely responsible. Discouragement took form in the following words:—"The worship of assassins has been carried too far, I am now a nervous wreck!" Gandhi cannot be absolved of responsibility. Over two hundred murders, or attempted assassinations of high and low officials within the past three years, all traced to the instigation of Gandhi's Congress Party, have naturally produced their reaction. Admiration of the idealism and courage of criminals has done much more harm than the good which has been done by a few formal condemnations of their crimes.

The Simon Commission was under no illusions as to

Gandhi, for, in its report of 12,000 pages, Gandhi's name occurred four times. Whether he be saint or sinner, demagogue or Machiavelli, he and his Congress Party are in violent opposition to many of their former supporters. Gandhi's vanity and love of the limelight have wrecked whatever constructive faculties he may have possessed. The only practical facts about him, beyond his publicity "properties" of goat, garment and spinning wheel, are his determination to pursue his follies, and his present utter futility. The late Labour Government exaggerated him and frightened themselves with their own bugbear. The revolutionary elements, with a better understanding of Indian psychology, have been successful in building up a false halo about him behind which they have succeeded in developing their destructive tactics. The enormous publicity afforded Gandhi by the apparent novelty of his doctrines—all copied from Western precedents—have, as stated by me in "Saturday Night" of the 12th of September, attracted his exploitation by capital. Mr. Winston Churchill a fortnight ago, in condemning the whole business of the Round Table Conference, startled the British House of Commons by exposing the source of Gandhi's campaign fund—i.e., his newly found millionaire friends who would gladly use him in their plans for the exploitation of India. Whatever Gandhi's own thoughts may be, he is a mere pawn in the hands of others and swift-moving events in London after his arrival at the Conference board have rendered him, fittingly or otherwise, to the pathetic role of a mountebank. While the delegates would gladly forget their Conference duties in favour of more vital world contemplations, the ever present fear of what may happen upon their return to India will not permit them to indulge in speculations other than their own, now isolated, preoccupations. They are forced to consider seriously how, in a new India, to adjust the conflicts between British and Indian business, and to console the growing menace of communal differences. The Indian Princes have declared emphatically that they stand for India's connection with Britain, but they do not affirm that such connection should mean the direct control of India's affairs by Whitehall. Self-interest in their prerogatives, guaranteed by Britain, will cause the Princes to adhere firmly to this conviction. Minorities are positive that they prefer direct British rule to being handed over to the tender mercies of Hindu or Moslem majorities. Hindus and Moslems everywhere are at one another's throats and the weakness of recent Viceregal regimes in India has brought civil war into the realms of probability. New grouping and fresh dynastic aims have, in the militant North and Kashmir, brought the rumblings of warlike adventures in India which threaten the maintenance of essential goodwill in London.

There are those who believe as I do, that, in spite of our pledges, until the present state of flux in India has been altered, and the peoples of India can agree among themselves, we cannot be expected to implement those pledges. There are others who are strong in their belief that firm measures must be resorted to if India is to be saved from herself—for the Empire. Some believe that the record of disorder and murder produced by the forces of destruction in India, and the economic collapse of Europe, have set the principles of nationalism in India and socialism everywhere "on the run", and that sane reaction should be the order of the day. At the present moment, when every atom of goodwill is required, Diehardism and reaction in India would be fatal to all hopes of reconstruction. The elements of destruction, centred in Gandhi's Congress Party who have fostered and glorified hatred, now find themselves bereft of goodwill, for no responsible element in India believes in them. Were Britain, in an effort to re-establish order and confidence, to resort now to repression and reaction, all substantial opinion would desert the ranks of goodwill and reluctantly go over to the Congress Party as a protest against Britain's failure to keep her pledges; all hope of ruling a peaceful India would then be lost. In speaking of the late Labour Government and the Conference, Mr. Winston Churchill uttered a powerful prediction when he said: "If no sincere agreement emerged, the Government would be hampered by its admissions, with its authority weakened and with all those difficulties now grown monstrous from which they recoiled when they were still small." Federalism is the goal toward which all have set themselves; the difficulties are great, but they must be overcome. It is useless for any party, race or creed to think that the old Whitehall Government of India can be resuscitated or aroused to action. There must be a new strong Government born of India, with foundations in India, before a way can be found out of the present chaos. According to a leading Indian daily: "The system of responsibility to the British Parliament has visibly broken down between the legitimate aspirations of Indians on the one hand and on the other the decay of Parliament itself, due to the obvious inability of a democratic party system to produce Governments strong enough to deal with the economic situation in the post-war world."

The weakness of the present position in India lies in the fact that the British of to-day practically refuse to rule it, and this weakness augurs badly for the welfare of the great bulk of the people—i.e., the ryots, or peasantry. Clamour in India and lack of moral support from England have taken much strength from the British bureaucracy, and destroyed its will to rule. The sane, representative elements in India, time and again, have offered to support British officials if only they would continue to rule with justice and firmness. The aptitude for compromise has carried British leadership out of perspective. Department after department has had its functions paralyzed and its future rendered chaotic by the weakness of the Supreme Government, which at times has almost abandoned its functions in favour of suicidal concessions to the unruly, and has let down the Services and the people alike. "The Statesman", Calcutta, on August 13th, 1931, holds:—"Until we get a strong Government rooted in India there is no possibility of restoring initiative or confidence to the servants of Governments who are nobly carrying on in most disturbing conditions. They are at present the country's invaluable caretakers in a momentous period of transition, but they have neither the authority nor the confidence that enables them to deal with the terrible economic position and its consequences. The wheels of administration are, all things considered, still turning marvellously, but there is no oil, and they are in danger of running down. Therefore, let the strength of all be put into achieving Federalism and providing a centre of power, such as the Home Government used to provide, but in this age no longer furnishes." That is practically the opinion of journalistic India.

In the view of one of the most experienced and influential members of the Conference: "There is only one way out. We must reconstruct the whole Indian show, from top to bottom, in cooperation with Indians". The half-hearted deliberations of the Federal Structure Sub-Committee of the Conference have so far agreed that there will be two Houses in the Federal Legislature. In the Lower House the Native States will receive a 25% representation based upon population, and in the Upper House 40%, the Princes being elected in any manner they may choose. Membership for British India will be by direct election to the Lower House and indirect to the Upper. Special interests such as minorities will be represented for a time by nomination. Divisions of finance between the Federal and Provincial Governments has produced an impasse, there being practically nothing to divide; Federal India will have to build up its revenue from the beginning. Meanwhile, the deliberations of the whole Conference are threatened with futility by the rolling up of the clouds of civil war, due to communalism and agrarian communistic revolution. The Punjab may crash the whole structure, and non-payment of taxes undermine any system devised, while economic collapse in Europe may weaken the strong guiding hand of Britain in the midst of India's confusions. Surely we are reaping in India the whirlwind of our past weaknesses.

It should be appreciated that Moslems control the six great Northern Provinces—i.e., the Northwest Frontier, Sind, Baluchistan, Kashmir, the Punjab and Bengal. They realize that India must rely upon itself if it is not to break up into many separate entities, and that it must bind itself together by determined goodwill. But the acme of India's sorrows is communalism, beside which communism pales to insignificance; communalism shelters a smouldering anger which at times approaches despair. Mr. Jinnah, at the Conference, following the example of President Wilson, has presented Mohammedan views in his "14 points," and many of these may no doubt be obtained in agreement with the Hindus, but the keynote of the whole political situation seems to lie in a complete redistribution of boundaries. Brigadier Sir Edward Tandy, the late Surveyor General of India, some years ago suggested a practical method of reorganizing provincial boundaries. Sir Edward's suggestions were voiced last December by Sir Muhammad Iqbal in his Presidential address to the All-India Moslem League in the following words: "Proper redistribution will make the question of joint and separate electorates automatically disappear from the constitutional controversy of India. It is the present structure of the Provinces that is largely responsible for this controversy. The Hindu thinks that separate electorates are contrary to the spirit of true nationalism, because he understands the word nation to mean a kind of universal amalgamation in which no communal entity ought to retain its private individuality. Such a state of things, however, does not exist. India is a land of racial and religious variety." It is easy to see that the Hindu idea of Nationalism is based upon the overwhelming voting power of Hindu population. In this fact we find the vital cause of the utter futility of the Congress.

All history teaches us that religious intolerance is of the essence of human behaviour. Even in America the tragedies of this intolerance—as an example, prohibition—are daily manifested. What hope is there that millions of ignorant, illiterate Indians may, within the coming year, produce soil of peace and security in which to plant the roots of social, religious and economic freedom which are so essential to the political future of Federated India? Is it any wonder that Mr. Gandhi goes sight-seeing to Ireland instead of continuing his futile conversations with the Aga Khan? (Laughter). While religious intolerance would account for communal differences between Hindus and Mohammedans, caste discrepancies among Hindus themselves are now carried into the political field until no two Hindu delegates at the Conference can be found to agree upon what they want in a new India. The result is that the Conference deliberations have degenerated into trivialities, personalities and absurdities which have robbed them of outside respect. The dead hand of India's fearful social past, such as caste, Kulinism, child marriage, suttee and purdah strangles all hope of rejuvenation.

Territorial rearrangements are now under discussion in London. In the Punjab a three-cornered dead-lock between Sikhs, Moslems and Hindus has brought the probabilities of civil war to the forefront. The transfer of the Rawalpindi region to the Northwest Frontier Province has appeared as a solution. In Bengal a redistribution of the Mohammedan areas is a possibility. Moslem opinion, as coming from a minority population, is in favour of most drastic redistribution of boundaries and of full autonomy for the reconstructed provinces. To quote again Sir Muhammad Iqbal: "I would like to see the Punjab, Northwest Frontier Province, Sind and Baluchistan amalgamated into a single state. The formation of a consolidated Northwest Indian Moslem state with self-government within the British Empire, or without the British Empire, appears to me the final destiny of the Moslems, at least of Northwest India." He adds, with both Soviet Russia and Afghanistan in mind: "The Northwest Indian Moslems will prove the best defenders of India against a foreign invasion, be that invasion one of ideas or bayonets." However sincere or patriotic Sir Muhammad's convictions may be, his proposal to consolidate a strong war-like province of Moslems on the North of India has thoroughly frightened the Hindu ranks. Sikhs and Hindus, with the fearful example of the American Civil War, which nearly tore asunder the American Commonwealth, want serious reassuring before they will agree to the formation of a Moslem province on "India's inflammable edges". The recent disturbances in Kashmir, a Moslem province ruled over by a Hindu Prince, were caused by a dynastic adventure on the part of ex-King Amanullah's brother—an Afghan. This adventure has quickened the Sikh-Hindu-Moslem tension and made almost impossible any agreement between Gandhi and Aga Khan in London. A recrudescence of the Pan-Turanian movement uniting Western China, India, Afghanistan, Persia, the Caucasus, Mesopotamia, Arabia, Turkey and North Africa in an all-green belt is not an impossibility in this age of chaos.

Not only have Mohammedan ambitions and plottings in the North thoroughly alarmed the Hindus, but it has shown the Princes of India, who for over a century have been secure in their prerogatives under the protection of the British Government, that in a Federated India they might be forced to deal with revolution and invasion. The semblance of a Federal India may possibly be organized by overworked British officers, but without British guarantee no sane financial or political world would advance a penny on its future. The Federal India, recommended by the Simon Commission and being discussed by the Round Table Conference, will remain a pipe-dream, a rainbow vainly chased, unless British power in India remains the substance of all polity. The hope that Nationalism may unite all Indians and supersede the prejudices and social discrepancies of their history may well be left to Indians as a bone to chew upon, or a real outlet for Gandhi's activities. Meanwhile, let us hope that the British may still be relied upon to see that, as in China, the intelligentsia of India do not destroy India in the process of her development.

In India itself a powerful political influence known as the Country League has been steadily developing. Its objects and aims include all that is best suited to the progress of a self-governed Federal India along institutional and cultural lines. Its membership is composed of the substantial commercial, financial, industrial and agricultural classes, headed and organized by the British in India. Its intention includes the fullest cooperation, upon democratic principles, of all races, classes and creeds. Its influence has already considerably restored the confidence of the unfortunate officials of India, and stiffened the resistance of the Government of India to the forces of disorder. Its programme would ensure orderly progress and honesty in the internal and external trade of India. Whatever may be the result of the Round Table Conference, this League or its successors will remain a potent influence in India.

A few years ago, upon a Mediterranean voyage when the Indianization of the Indian Army was under investigation by what was known as the Skeen Committee, I showed a copy of the Committee's lengthy report to a fellow passenger, a renowned British Field Marshal with gubernatorial experience, who had never been in India. I asked him what he thought of the report. He read the first sentence, and handed the paper back to me with the remark: "You must increase your Army of Occupation. India's future will be inefficient, but it is their country, and they are entitled to their own form of inefficiency." The first sentence of the report read: "The principle of Indianization is admitted!"

India is at the parting of the ways. America and Russia are converts to the modern materialistic conception of civilization, and have given way to standardized mechanization of human life by scientific insistence of the herd law, which destroys sensibility and spirituality. It may remain for India to go over to the same materialism, and present indications suggest she may be forced to do so, as witness the Congress Party's alliance with capitalism; the rapid industrialization of India along Western lines threatens to uproot Indians from the soil and to set them tending machines. Such an upheaval postulates revolt against institutions and religions, which may destroy all India's cultural ideas. India, on the other hand, with the sympathy and support of Britain, may resist such influences and save our higher human cul-

India should not follow any other Oriental example, for Japan and China have already surrendered to the non-cultural enemy. The importance of the introspective struggle now going on in India cannot be exaggerated for us Britons, for only Indian idealism stands between us and cultural chaos. If India unites herself with the idealism still not entirely overwhelmed in Europe, she may create a new world. She did create a new world by her legacy to the West of the Hindu—incorrectly called Arabic—numerical system, which has revolutionized our cultural ideas and made the birth of our scientific age a possibility. Hindu numerals have made our modern Western civilization a fact, as anyone who tries to make out his income-tax statements in Roman numerals will realize. (Laughter.) Science without decimals is an impossibility. Be it fully realized that the whole philosophy of Western history and culture is now undergoing in India the supreme and ultimate test of its practical value. Surely, then, our interest in the struggle should be intense and sympathetic. (Loud applause.)

President Stapells conveyed the thanks of the Club to the speaker.

THE AUSTRALIAN GOOD-WILL PARTY

ADDRESSES BY H. E. LAFFER, REPRESENTING AUSTRALIAN AGRICULTURE AND VITICULTURE INDUSTRIES, AND A. E. HYLAND, DIRECTOR OF AUSTRALIAN TRADE PUBLICITY IN THE UNITED KINGDOM.

(*Before a Joint Meeting of the Toronto Board of Trade and the Empire Club of Canada.*)

29th October, 1931

H. G. STAPELLS, President of the Empire Club of Canada, introduced the speakers, saying:—A strong and loyal government has been returned to power in England—(Applause)—also this week Canada has had the privilege of welcoming the Australian Good-Will party. (Applause). These two events hold some significance in common, for just as the change to the National Government in England means the return of common sense, cooperation in the administration of affairs, and a new prosperity, so this visit should mean the establishment of a common sense relationship in business between these two great dominions, and prosperity for both. (Applause.) There was a time when good-will in business was cherished as something of real value; and we hope that the good-will heralded by this visit is of that character, and not of the watered-stock variety, substituted in recent years. (Laughter and applause.) We stand for Canada in a prosperous, harmonious, and good-willing Empire. (Applause)

HON. LEOPOLD MACAULAY, Minister of Highways for Ontario, welcomed the delegation with these words: "We must all recognize that in inter-Imperial trade it is necessary for all parts of the Empire to adopt a give-and-take attitude. While we are proud of the position that Canada has attained in world commerce, we recognize that Canada exists not only as a nation, but also as a unit within a greater entity—Canada within the British Empire. (Applause). On such an occasion as the present, members of the same family, separated across the surface of the globe—whom I like to think of as full-blooded brothers within the Empire—can afford to join in these common gatherings, which are held all too seldom, and obtain such benefits as are necessary to all the constituents of the Empire (hear, hear). We trust that the cargo of this Good-Will Ship will prove the forerunner of many more, and that in the near future they will not need to break bulk at Montreal, but proceed by an all-water route in the same vessel from Australia to Toronto. (Applause.)

Mr. A. E. Hyland was received with applause and said:—I wish to thank you very sincerely, on behalf of my associates and myself, and speaking also for people all over Australia, for the warmth of your reception, and for making possible this splendid day. This reception represents the culmination of long months of hard work, of continued and energetic endeavour, and of aspirations always directed toward the development of the common property for the common good.

The story that we are trying to tell to-day is not new to the people of Canada, because many years ago Canada pioneered this very great work of Empire preference and the development of Empire trade. It was our privilege to follow closely and put into operation just as energetically, and with as strong a purpose the principles that Canada had initiated; from the start we have looked forward to the day when each of us would be part-owner and administrator of a great business which could be developed primarily for our benefit. It is a splendid thing to feel that that day has at last come about under the best auspices. Everybody has smiled helpfully and benevolently on it, and we have had cooperation of the most amazing and gratifying kind. I would like to say how much we appreciate the wonderful assistance and interest shown by the businessmen throughout Canada. In Toronto we are fortunate in enjoying the personal help and interest of great stores like Eaton's, Simpson's, Loblaw's, Dominion Stores and others; we want to thank everybody, particularly the gentlemen who manage these great undertakings. Their attitude, the pleasant personal atmosphere in which they have received us, and also the high appreciation of the business associated with our visit, the business of the Empire, have made our visit notable. Everyone is conscious that the first essential has been to develop something which in the long run will be like a good investment that will one day yield a far greater return than the amount of money put into it.

This whole business of buying from Australia under present conditions is a good national investment assisted by the Canadian-Australian Trade Treaty which has made possible this day, and which we hope has opened the door to a new era in business. It is easy to spend a few dollars on articles, whether clothing or groceries, fruit, etc., simply because they are cheap or possess some particularly good attribute, without any thought as to their place of origin, and without caring where that money eventually goes; it has to go to maintain employment, to help pay taxation, to assist some government to carry on public services, to help bear the burden of finance and commerce in some country. If we have no thought as to where that money goes, it is possible that our investment will go to a country which has no interest in us, caring only to make a profit and expending that money without considering our welfare. Here we have an opportunity to turn our buying into an investment. Canadians may buy Australian goods, knowing that the way has been prepared for their money to return for the purchase of Canadian products. (Applause.) When you spend a dollar upon an Australian product you are not saying good-bye to it, without knowing where it goes; you are investing that dollar in a form of business which will yield a return, because the Australians, just as enthusiastically and conscientiously as you, are committed in their turn to the purchase of Canadian products. (Applause.) We are glad to do this. Australia is not a mercenary country, pressing this matter in the spirit of selfish enterprise. Australians with all their faults—and they possess just as many, but no more than you—(laughter)—are actuated by real affection for their kinsmen within the Empire. There is no part of the Empire whose people possess in a higher degree the spirit of fraternity. While we have a more intimate touch with those who are descended from the same racial stock, we feel that there is a more important point—the link of our institutions, and our readiness to stand by each other in time of trouble—which ties us together with indissoluble bonds. Another of those links finds expression in this Treaty, and Australians who are working for its consummation have viewed their progress not only with the selfish appreciation of those who have succeeded in doing good business, but with the satisfaction which proceeds from the knowledge that this business has been conducted with people for whom we have the highest regard.

In Australia, there is a wide knowledge of Canada, because through this great highway of your Dominion many Australians reach Great Britain—home, as they call it—to which they go at least once in a lifetime. We would like to travel more. It was my privilege to travel across Canada from Vancouver, and I was more impressed than I can describe by everything I saw and every experience I enjoyed—meeting hundreds of wholehearted and hospitable people; observing the impressive surroundings of every town and city visited; surveying the stupendous scenery of the Rockies, the great woods of British Columbia, and enjoying the delights of your northern lakes and forests. I felt considerable regret that there is not some endeavour made to let my countrymen know that it is a spendid place for holiday-making and travel. (Applause.) On the other hand, we would suggest that some Canadians visit Australia at least once in a lifetime; a regular system of visits might be good for both of us, teaching us more of each other and the countries in which we live. In Montreal it was suggested that a party of one or two hundred Canadians go to Australia, and I can assure you that such a party would receive a welcome as warm as that which you are giving us. You would find the same sort of men and women as yourselves, and a similar home life except for differences caused by climatic conditions; our principles of business are the same as yours. If you are thinking of enlarging your patronage to Australian products and are advised to be cautious, let me give you a little information. We have not forgotten the principles in which our race was cradled; we have as strong notions of honour as any of you possess. We would have had no difficulties but for the depression, which in its first year cut Australia's income between 30 and 40 per cent, approximately $230,000,000. Had Australia not made her large contribution to the war, the record of administration since her real development started eighty years ago shows clearly that she would not have needed to have any apprehensions concerning this present depression. The Australians are a prudent, thrifty people; 79 per cent have savings bank accounts, and the amount in each account averages $230, which is a big figure, considering that many accounts are opened in the names of children; over 40 per cent of the population carry life insurance of $1,500; over 60 per cent own their homes.

Although the development of the country really started in 1851, since that time, with a handful of people which only now amounts to 6,500,000, the value of property has increased to $20,000,000,000. That is not a bad record. The Australian determination to get out of present troubles was reached more promptly, perhaps, than in any other country. In the first year of the slump we had a deficit on our overseas trade of approximately $200,000,000. At the end of twelve months we had reduced that to about $30,000,000; and at the conclusion of the twelve months just ended we had converted that deficit on our overseas trade into a credit balance of $230,000,000. (Hear, hear, and applause.) We could not avoid the depression, because we have only one business, and that is our land. Our wool business is what wheat is to you. In 1929 our wool was valued at $355,000,000, but the slump led to a reduction in the price, and the income from wool was decreased about a third. Our production of wheat, which is a large industry, though not as large as yours, was 200,000,000 bushels, but there was a reduction of about 50 per cent on our income from that. From all sources we suffered a loss of $230,000,000. We are living under better circumstances now, and hope we are going to get out of difficulty quickly. As an instance of what the people are prepared to do if necessary, the government decided to convert the whole of the internal loans, amounting to no less than $2,800,000,000 to a basis which would save a certain amount of interest, between 23 and 24 per cent, roughly; that conversion was carried through in a space of three or four weeks. The conversion was voluntary; that is, people willingly submitted to this loss of income through the reduction of interest, and the voluntary conversion accounted for nearly 98 per cent of the total amount. (Applause.)

These are the people with whom we invite you to do more business; and when you hear criticism, remember that I have told you accurate facts. We are consenting to the principle of buying from you; we look to you as kinsmen, our brothers, our friends; we regard the Pacific ocean as something which unites us, and does not divide us. We believe that together we can give a wonderful lead to the rest of the Empire, perhaps to the whole world, in the way of real cooperation. Under the recently changed circumstances, inspired by the utterances of your Prime Minister, let us hope that the day is not far distant when the business of the British Empire—the biggest business the world has ever seen—in which our money is invested, and on which our ambitions for our children are centered, will be launched on the sea of cooperation yielding us the greatest possible benefit, and realizing the ambitions which are founded on our advanced condition of civilization. We offer you not only the greetings of our people in Australia, whom it is our privilege to represent, but we give you their good wishes and their eager, affectionate hopes that Canada, with the rest of us, will soon emerge from her difficulties and adversities and once more enjoy the prosperity which she so well deserves. (Loud applause.)

President Stapells: The loyalty of official Toronto is well known; it speaks through His Worship the Mayor.

Mayor Stewart: Our colleagues in Council join me when I say that for many reasons the citizens of Toronto are deeply indebted to the Empire Club and the Board of Trade, especially for their generous cooperation in maintaining confidence and good-will of national, international and Empire value. Our harbour has been visited by many people, and has been judged the finest waterfront development in the world; we hope in the not far distant future we will be able to bring in vessels of a larger type to discharge at this port without having to tranship. It is a privilege to extend a welcome to our distinguished guests of the Australian party. We are deeply interested in Empire trade, not only in theory but in practice. We are delighted to learn that while you bring a cargo of your merchandise you will return with a cargo of Canadian produce. I would ask you to take this message to the people of Australia:—The people of Canada are proud of their natural resources; we have the will and determination to carry on; we view the future with faith, and believe that soon the sun will rise on prosperous days and we are proud and happy to be with you in the Empire. (Loud Applause.)

President Stapells: Mr. Laffer, representing Australian Agriculture and Viticultural Industries, will now speak. I understand that the word "Viticultural" means everything connected with grapes. (Laughter).

MR. H. E. LAFFER: Coming from overseas as representatives of probably the youngest link in the chain of Empire, we appreciate the fact that we are known as the Good-Will Delegation from the Commonwealth down below. We have paved the way, showing other portions of the Empire, including the Mother Country, that we feel it necessary for us to trade with one another as a family. What does the Treaty mean to both of us and to the Empire in general? The success of the Treaty can only be assured by the absolute cooperation of each country participating. It is not for one country to expect more than the other. There has to be fair play, and I am sure you feel, as I do, that if the Treaty is carried out on those terms it will contribute to the credit and profit of both Canada and Australia.

There are certain products which Australia buys, or hopes to buy, from Canada, and there are many others which to-day Australia is necessarily importing from different parts of the world, many of which might come from Canada. We import annually between $400,000,000 and $500,000,000 worth of such goods. Preference has always been given to Great Britain but, under the present Treaty, Canada, for the first time, is given the same conditions as Great Britain on entry of goods into Australia. (Applause.) It is up to the Canadian manufacturer to look into that side of the business and see that he gets a good share of it. Your lumber, paper pulp, news paper, canned salmon, electrical goods, and many other lines are essential to Australia. I want to tell you the Australian products with which we hope to supply you. Australia is a big country, approximately the size of Canada, and about the same distance across. The two countries are complementary to one another insofar as climate is concerned. Your climate ranges from the present weather to extreme cold. Australian climate, up to within 500 or 600 miles of the equator, is similar to that of British Columbia. Throughout that vast country, we have a range in climate probably not equalled by any other individual country in the world, in which products of every kind, from the most temperate up to the tropical, can be produced. We wish to make it plain to the people of Canada that under the terms of this Treaty there is no question of Australia competing with any established Canadian industry. (Hear, hear.) This was a wise provision, because we must remember that our first duty is to protect the producers in our own country, our own established industries, and our farmers; what we need beyond their productions we procure from the different parts of the Empire. Over a vast area Australia produces magnificent fruits and wines of every description. We hope to send you hardwood. Rice is a commodity which we have cultivated in Australia—since the repatriation of our overseas soldiers—to such an extent that to-day we have an export surplus. A commodity well known in Canada is canned pineapples; we can produce pineapples in large quantities, which we say are unequalled for flavor and quality.

I wish to speak particularly of our wine. There is a historical fact associated with the wine industry of Australia, as recently discovered documentary evidence proves. In 1806 the Emperor Napoleon, who was then at the height of his success, intended to seize Australia, but the plans did not carry. He sent a delegation to Australia, and I have the original printed report of that Commission; one part referred to the possibilities of Australia as a vine-growing and wine-producing country. The report states that although Great Britain had a large consumption of wine she did not produce it herself; and the report concluded by saying that Australia must become the vineyard of Great Britain. We can go further and say that Australia has become the vineyard of the Empire. (Applause.) At the inception of our wine industry all the finest varieties of grapes from Europe were propagated, and when you consider our great diversity of climate is it unreasonable to say that we can produce the wine? We produce wine of several types, from the light wines to the full so-called sparkling type produced in Southern Portugal and Spain. You have a wine industry in Ontario, and I wish to tell you that there is no intention or desire to compete with your wines. We supply an entirely different wine, made under different process. The wines we are seeking to send into Canada are those which approximate to the wines which you are buying from Spain and Portugal, and we think that we are only reasonable in our desire that Australian wines should replace these as far as possible. (Applause.)

I wish I could take you into Australia and show you the immense area producing those wines, where to-day they are setting their fruit, and the tiny berries are now forming in bunches. On the trees are peaches, which soon will be canned, and some will be sent into Canada. Those fruits—peaches, apricots, pears, etc.—are not competing with the Canadian products. The peaches are of a different class, because they have to be transported long distances; they will compete with what you import from California. With regard to the dried fruits— the sultana or seedless raisin—that industry has been built up by our ex-service men. Over 3,000 of those men were repatriated and put on the irrigation areas to grow fruits for drying purposes, and it is only natural that we should get a big and sudden expansion in our production. We had to seek markets for these goods. Smyrna and Sultana had held the British market for generations. Greece had held the currant market. To-day we have replaced the Smyrna raisins and the Greecian currants to the extent of every pound we can send to London, and they want more. (Applause). Your consumption of raisins and currants in Canada is somewhere about 20,000 tons, of which I believe we have supplied you with about 7,000; we look confidently to a future when we will get a bigger proportion of your trade.

You who know the quality of our fruit production must remember that ten years ago those men, who are now producing these fruits, were in the army, and had been in all sorts of occupations except being on the land; the brains and energy they put into the job are to-day producing a product that holds its own everywhere in the world. (Applause). We look for the time when your population shall increase, and when Australia is going to be close to the mark of what her population should be—50, 70, 100 millions of people—so that we can absorb each others goods to mutual benefit. We look to the time when, instead of one "Canadian Constructor" coming up that river there will be a procession of them bringing Australian goods, and going out with Canadian goods. (Loud applause).

Mr. H. C. Grout, Vice-President of the Toronto Board of Trade, said:—The Toronto Board of Trade has long been active in its efforts to promote the development of inter-Empire trade, and on this occasion the Board is very happy to be associated with the Province and the City in welcoming these ambassadors of trade and good-will to the city of Toronto. My attention has been called to an interesting fact that was not mentioned by any of the speakers to-day—that the cargo did not consist entirely of Australian goods, but that the cases that contained the presentation to His Worship the Mayor and also the cases for the wines were made of Canadian wood. I was also told that the paper wrapping in the boxes came from Canada. So that a start has been made, and a reciprocity of trade. I know that I am voicing the sentiment of the members of the Empire Club as well as the Board of Trade in extending our very sincere thanks to Mr. Laffer and Mr. Hyland for coming to us and giving us such an instructive and interesting description of their trade and their products; and I know that we all sincerely hope that this will be a forerunner of exchanges of goods between Australia and Canada in very much larger degree than has taken place heretofore. (Loud applause).

THE SINO-JAPANESE INCIDENT IN RELATION TO THE PROBLEM OF DISARMAMENT AND INTERNATIONAL SECURITY

An Address by DR. S. MACK EASTMAN, Chief of Section Research Division, International Labour Office, League of Nations, Geneva.

4th November, 1931

President Stapells introduced Dr. Eastman, who was received with applause, and spoke as follows:—You will understand that while I have recently come from Geneva I speak to-day entirely as a free lance, being on my triennial holiday; no one in Geneva knows I am here to-day. This is my thirteenth University visit, and I shall finish three happy days here this evening. It is a great joy to me to meet old personal friends, and especially my greatest teacher in the past, Principal Hutton. (Applause). I had the good fortune to be one of the small number of youths who still believed in the Classics, and who learned to love Greek when guided by the greatest Hellenist of Canada. (Applause).

I have a difficult and dangerous topic to discuss. I will be very frank. In many ways the last year has been the worst year for the world and the League since the war, or at least since the Ruhr question; yet in spite of the depression—economic, financial, and therefore psychological and political—there are encouraging signs for the League, for the Empire, and for the state of the world. One of those signs is religious and spiritual. Never so much as during the past year has Christendom rallied to the support of the League. The Protestant churches in majority have always favored it, but now we have the Catholic church fully behind it, not only in its political work, but also in the work of the International Labour organization, of which I am an official, and the Hague Court as well. After twelve years patient observation of the League's troubled labours, Christendom is able to decide that while it is not yet a sure refuge for humanity, at any rate it is its highest hope, and politically speaking it is indeed its only present existing hope. The other encouraging feature is of a political sort—I mean the promising affiliation in American policy as regards the League. The United States years ago, metaphorically speaking, threw the letters from Geneva into the waste-basket, but during the last few years they have cooperated officially, or at best in a semi-official manner. This year it was a great joy and surprise to the assembled nations to see Ambassador Hugh Wilson fly over to Geneva from Berne, Switzerland, to take his place officially in the Third Committee Assembly of the League.

The Sino-Japanese incident has been added to the title of my talk to-day at the last moment. With some diffidence I agreed to put it there. I have been away from Geneva almost since the beginning of the incident. I do not know the secrets of the private discussions of the Council; but this incident bears directly and obviously upon the supreme question of the day—the question we are going to have to face next February at the Disarmament Conference; a question which we cannot shirk or avoid without incurring suffering certainly, and disaster possibly, in years to come. The Sino-Japanese incident and others prove that armaments are not the sole cause of trouble and war. It proves above all that the world needs a world authority endowed not only with conciliatory influence but with power to call upon its members immediately and effectively to assist in restraining threatening aggressors. China placed her case entirely in the hands of the Council and begged it to be strong. M. Briand admitted sadly, that, much against his will, the powers of the Council had been left very limited during twelve long years. Even Japan, who up to now has played a noble and dignified role at Geneva, declared that it would be highly desirable that either China or the League should be in a position to handle the Manchurian situation efficiently. Everyone, indeed, except those of us who consider ourselves as safe nations, earnestly desires the strengthening of the right of the Council to call upon Member States for unhesitating and unequivocal backing and support. The Japanese military authorities gambled on the weakness of the Council. They did not expect it to show even great moral strength and persistence. They certainly did not foresee that their beloved empire would be placed three times in succession in the pillory of public opinion by a vote of thirteen to one. Without knowing the inner history of the debates, we can rest assured that when men of such spiritual calibre, and intellectual preeminence as Viscount Cecil, Briand, and Madariaga, and others, feel constrained, sorely against their will, to pass on over the veto of a great power, hitherto a warm friend of the League, their reasons must be unanswerable. Japan must be in danger of too lightly regarding her solemn pledge under Article XI of the Covenant to submit in such circumstances to the Council's guidance. What will happen if she does not follow the Council's recommendation before November 16th? I cannot foretell. Will the Council proceed undaunted from the mild and conciliatory Article XI to the firmer Article XV or the forbidding Article XVI? All this will now depend upon the extent to which the American Administration is able, in spite of senatorial attacks, to live up to its spontaneous promise to accord the Council its hearty support.

When one has heard, in public and in committee, spiritual elements like Viscount Cecil struggling, reasoning and feeling for the safety of humanity, for comprehension and intervention; when one has seen great audiences swept by the incomparable eloquence of Briand through these last seven years, with the one great ideal of making the world safe not only for democracy but for humanity, under any regime whatsoever; when one knows the unparrelled competence of Madariaga, now Ambassador to the United States but for seven years Chief of our section of Disarmament—when one sees these men, and other men like Benes relentlessly pressing the case against Japan, even at this distance one may rest assured, much more than by the votes of Parliament or decisions of Governments, that Japan has for once placed herself entirely in the wrong.

In Canada, in most Anglo-Saxon countries, in Norway and in "safe countries" generally, the arguments in favour of serious and immediate disarmament are considered unanswerable. The burden of armaments is recognized as unbearable in a world striving to lift itself out of a slough of depression. I see varying figures quoted by various speakers to show what sums different nations are spending in defence. The most accurate and impartial source I know is the League's Disarmament Year Book, since it applies the same method of calculation to all countries. This gives Great Britain's budget estimate for military, naval and air defences for 1930-31 as 95,000,000 pounds sterling (gold standard); this shows a decrease parallel to the fall in prices. It shows France's estimates for the three services as over 94,000,000 pounds sterling, a slight increase. The present French Government described the maintenance of this level of expenditure and the fortification of the northeastern frontier as compensation for the withdrawal from the Rhineland and for the reduction of compulsory military service from three years to one year.

When one considers the total financial, economic and social sacrifices made for Defence by each of the Great Powers, the differences among these totals are less than is usually believed. At any rate, the world's total Defence Budget estimates for 1930-31 would appear to have amounted to approximately four and a half billion American dollars—a staggering total of unproductive expenditure. I will not labor the point. The Protestant churches, the Pope, President Hoover, and a majority of other political leaders have emphasized it during the last few months. The economists have always insisted upon it. We agree that a wholesale reduction should be operated within as short a time as possible. What I wish to do to-day is to bring home to you the other side of the question, to forecast the situation which will confront us in Geneva in three months at the Disarmament Conference, and finally to state clearly the price we must pay if we want to secure from the coming Conference an adequate programme of progressive disarmament. We cannot have something for nothing. Here we come to the interaction of the two factors, equally unavoidable—the joint problem of disarmament and security. Before I attempt to sum up the security argument, let me repeat: We are all fervently in favor of disarmament; we feel the burden of armaments; Sir Josiah Stamp says that without this burden the world's standard of living would rise 10% per capita; we have seen the danger of armaments; Earl Gray showed their danger before 1914. We know how they may sometimes become not a secondary but a primary cause of war; we acknowledge our moral obligation, admitted in 1919 by M. Clemenceau, to follow the defeated empires in the programme of disarmament we imposed upon them. What then must we do in order finally to get this moral obligation fulfilled? By "we", I mean the "safe" peoples, the nations to whom geography and history have been kind and considerate.

First we must reread the Covenant—this Shorter Catechism of the new dispensation—and especially Article VIII, paragraph I. Around this article has turned the whole controversy of these last twelve years between the safe countries on one side and the exposed and anxious populations on the other. The representatives of the nations which count themselves secure and therefore especially peaceful, have invariably read the first few words of Article VIII and then come to a dead stop:—"The Members of the League recognize that the maintenance of peace requires the reduction of national armaments." However, there is no stop there, not even a comma. The delegates of the threatened or exposed States insist upon reading further, and in emphatic tones: "to the lowest point consistent with national safety, and the enforcement by common action of international obligations". It is upon the words "common action" that they lay all the stress—security or safety through common or united action. This is the kernel of the so-called "French thesis", which is no more French than it is Belgian, Polish, Czech, Rumanian, Jugoslav, Persian or (to-day at least) Chinese, or probably, at bottom, even Japanese. I am explaining it rather than advocating it. It is the point of view of all the nations who for one reason or another fear aggression. It is the pivotal point of the recent French Memorandum on Disarmament. This Memorandum is objectionable at several points, and is not sufficiently conciliatory toward Germany, but its central paragraph contains the doctrine not only of France but of a whole circle of nations, and probably of a majority of the States-Members of the League. It says: "The limitation of armaments, in connection with the development of systems for the peaceful settlement of disputes and for mutual aid, is one means of organising peace. But for its realization it requires the substitution, in the minds of the people, of the principle of united action for the principle of individual defence. It implies that the people consider the League as a living reality, invested with positive responsibilities and endowed with effective power."

That is the heart of the French Memorandum. Many paragraphs would have been eliminated if it had been drawn up by less military-minded elements than the three gentlemen who composed the Memorandum in such uncompromising and rigid form. Had it been drawn up by, let us say, Painlevê, the most delightful man in the world, whom they always called in as Minister of War whenever they had a Government of the Left, or by Paul-Boncour, or, better, Henri de Juvenal, then the sentiment running through would be the be-all and end-all of the Memorandum. That Memorandum may be rewritten, but as it stands it will be opposed by the British and some other nations at the Disarmament Conference, especially as regards equality of treatment for Germany. However, these excrescences of the Memorandum must not blind us to the fact that the essential doctrine is contained in the sentence that I have translated. Even the world's greatest newspaper, The London Times, in the haste of its specials, put in most of the excrescences and left out the substance of the whole Memorandum.

Before the War, the world was in a condition of international anarchy; each sovereign state claimed to be a law unto itself. Since the War we have lived in an international anarchy tempered by the conciliatory influence of the League of Nations. The delegates of Canada and the other safe nations have constantly urged at Geneva that the League be used almost exclusively for conciliation, investigation and the education of public opinion; but they have consistently sought to suppress, dilute, weaken and explain away the strong Articles of the Covenant—the Articles which foreshadow a supranational authority, a real federation of States, or, in other words, ultimate world government—a government that could nip in the bud the Sino-Japanese and other troubles. Sir Norman Angell recently wound up a paragraph on this topic with this concluding sentence: "Having solemnly embodied in the Covenant of the League the principle of common action for self-preservation, the French have been assured again and again by our public men that this promise of common action does not mean anything." I may add that certain of Britain's greatest dailies have frequently hinted at an ultimate repudiation of our solemn signature of the Covenant. Our Canadian delegates succeeded in getting a resolution through the

Assembly which deprives Article X of almost all its value in the eyes of people, who feel that, if they disarm, they are likely to be victims of calculating aggressors. Article X would have bound the members of the League to "respect and preserve as against external aggression the territorial integrity and existing political independence of all Members of the League." It may have been awkwardly worded, but it was to many peoples, anxious about the morrow, the central pillar of the Covenant's temple of peace. Our resolution deprives the League Council's advice of any binding effect and refers the question of our participation in police action to our parliament. The unsafe nations know what parliamentary palavers would mean, and they fear that the safe nations would arrive, if at all, as pall-bearers rather than as saviours. This not only makes them afraid to disarm but it renders them obdurate in the matter of the revision of frontiers. Certain modifications in existing boundaries are probably desirable, but revision except through the League would cause pandemonium in Europe to-day. Until the new nations, whose frontiers may be open to criticism, are convinced that the League has not only influence but also authority and power, they will never consent to putting Article XIX of the Covenant into operation. Article XIX differentiates the Treaty of Verseilles from the old Treaties; it is the most life-giving Covenant; it provides for evolution, without which we would have had political death. Article XIX provides for the revision of treaties, but if we can explain away Article X, the new States can close their eyes to Article XIX. Last week Mr. Thomas W. Lamont advised Germany that France would be found not unreasonable concerning any revision that might be justified, provided it came through "orderly processes". But these orderly processes can be guaranteed only by a League grown strong through the unequivocal promise of its members to stand together against any violator of the Covenant unwilling to abide by the moderate decisions of the League's courts. Time and time again during the last twelve years, the insecure nations have pleaded for a League with authority and power, whose unanimous Council could call upon States-Members for a demonstration of immediate and effective solidarity.

In 1924, in the Protocol of Geneva, Messrs. Ramsay MacDonald, Herriot, Benes and Politis realized an all-embracing synthesis of opposing theses. Whereas, we say "Security through disarmament" and the others say "Disarmament after security", the Protocol provided for security and disarmament as component parts of one process. It was the most ambitious political document in world history, and it was rejected by Ramsay MacDonald's successors and by the British Dominions. True, its arbitration provisions have since been adopted, but its mutual solidarity concept remains to confront us next February in Geneva. We shall say once again to those of the other side: "Disarm and you will be more secure." They will answer: "You may be right, but if we yield to your exhortations and if one of us fall a victim to a lawless neighbour, can we be sure that you will come immediately and effectively to the rescue at the call of the Council?" It is a straightforward, business-like proposition. At least it seems so to them. If our delegates to Geneva could only respond unhesitatingly in the affirmative, we should secure a Disarmament Convention after our own heart. If, however, they were obliged to avoid the issue and to content themselves once again with preaching at Europeans and Asiatics, then indeed the Conference would prove but one more disappointment to humanity. The Sino-Japanese incident has greatly strengthened the logical position of those who advocate a League that is powerful as well as conciliatory. If all States-Members could rise to the conception of guaranteed solidarity among them, it is morally certain that no potential aggressor would ever dare defy them, and thus bring upon his country financial ruin and economic isolation, not to speak of the possibility of ultimate and everlasting humiliating police measures. As Viscount Cecil has said: "The stronger the sanctions, the less risk of having to apply them." Sanctions do not mean violence; that word is a comprehensive connotation that means all the things together that I have been suggesting; and the stronger the possibility of world intervention and control, the less likelihood of those sanctions ever having to come into play.

In all I have said I have not forgotten that one all-important reservation must be made as far as Canada and the British Empire are concerned. Obviously we cannot constrain our mighty neighbor to the south. I feel sorry for the American writers of history at the end of this century; they will have to spend so much time, patriotic energy and patient research in endeavouring to explain why it has not been possible for the United States, whose great President launched the League, to "stand by their guns",—metaphorically speaking,—their guns of peace; why they ceased to carry out their obligations, and that solemn Covenant which would never have been inserted in those treaties but for the fact that a man with a great world vision had been willing to lay down his life to get the Covenant permanently in the Peace Treaties. The supreme tragedy of the after-war period has been the United States' withdrawal from the League. Recent helpful cooperation is mightily encouraging. Will it grow rapidly closer? For the assurance of peace in Europe it would not be necessary to wait for the official entrance of the Great Republic into League membership. It would suffice for its President, with the assent of its Senate, to declare that if unhappily the League were ever obliged under the Covenant to take police action against any violator of the Covenant and of the Kellogg Pact then the United States would feel morally bound to abstain from all interference, direct or indirect, with the efficacy of this police action. With this simple—possibly negative—guarantee, the League could certainly assure the peace of Europe. The positive assurance of peace in the Far East after the sixteenth of November, or more distant day, would probably require more active cooperation than I have suggested here. But if, in the first session of this Disarmament Conference, President Hoover were able to assure Britain and Europe that the United States President, in the case of an outbreak somewhere in the world, would decide for himself who was the aggressor—and you may be sure that he would not think the aggressor was the victim, if the aggressor was designated by the unanimous Council of the rest of the world— and after deciding who was the aggressor he would say that that aggressor should not receive active aid and comfort from the United States or its citizens, then Europe and Britain can look after themselves; and there will be nothing desolating occur if the United States agrees merely not to interfere with the police action of the League. But it would have to do something more than abstain from action. It would have to do what the Kellogg Pact requires it to do, morally. You tell all the little nations that all war is illegal, and they believe you; you tell them they must disarm, and they disarm to show that they are good boys; then one of them is jumped upon; you initiate the Pact—made by the most powerful State in the world—and you stand and do what? You pray for them! (Laughter.)

In the meantime Canadians must make the most of the League. We are one of several dominions, one whose opinion in great issues sometimes determines the opinions of other dominions; and in great issues the Mother Country listens to the opinions of her daughters. There is a greater weight of per capita duty resting on our head than on the head of any other single nationality; we are more strategically placed than any in relation to the United States. Therefore, the more effective we can make the League ourselves, the sooner will our neighbours feel impelled to join us in the noblest adventure of human history. (Loud applause.)

The President thanked the speaker, on behalf of the Club, for his valuable address.

THE POLITICAL SITUATION IN INDIA

AN ADDRESS BY GENERAL SIR ARTHUR W. CURRIE, G.C.M.G., K.C.B., PRINCIPAL OF McGILL UNIVERSITY.

12*th November,* 1931

PRESIDENT STAPELLS introduced the guest, General Currie, who was received with loud applause, and said:—It is a great honour to have the privilege of speaking to the members of a Club with the tradition, prestige and influence of the Empire Club of Toronto. I could not speak to this Club, nor to any other Club at this time of the year and not appreciate that the memories of most of us recall that yesterday was the anniversary of Armistice Day. I am glad they now call it Remembrance Day, for Armistice Day must forever remain a day of remembrance. Thirteen years have gone by since that memorable day in the world's history. Thirteen years is a relatively long period in the life of anyone. A new generation has arisen which knows but little about the War, yet to many of us here memory brings vividly to our minds the events of that day and the momentous happenings of its early hours. We recall with pride, and we wish we had the power to portray in all their fulness to those who were at that time too young to appreciate them, the examples of magnificent heroism, unselfish sacrifice, and unfaltering devotion to duty of the men of Canada in that epic struggle. (Applause.) At the same time we shudder at and recoil from the recollection of the unspeakable horror, the cruel hardships, and the dreadful suffering of the War, and its aftermath of loneliness, sorrow and broken hearts. Sufficient time has now elapsed for us to appreciate in all its dread significance the terrible loss both victors and vanquished suffered, in the destruction of life and property. The world's economic ills, staggering and crushing as they are, are more directly traceable to the War than to any other factor. But I did not come to speak to you of these things, though I confess it shocks and saddens me to observe that despite the cruel lessons of the last War there is evidence on every hand of conditions economic, political and nationalistic, similar to those preceding 1914. Yet I cannot pass on without suggesting that to the memory of the Canadian youth, who to-day sleep their everlasting sleep beneath the mounds of foreign grasses, we bow in silent reverence, grief and pride commingled with God's ancient sacrifice, a humble and a contrite heart.

And now to my subject. You have encouraged me to say something to you about India and her problems. A few months ago these occupied the front pages of all the newspapers throughout the English-speaking world, and while they have been overshadowed by other problems which pressed for immediate solution in the old country itself, the problems of India are there still, unsolved, and almost as insoluable as ever. Before I arrived in India, I had read much about the country and its political difficulties. I thought I knew something about them, but the more I learned the more I appreciated how much there was to learn and how little I really knew and understood. You will therefore believe me when I say that I am not speaking with any pretence of authority, although I hold very positive convictions about some things. The country itself is so vast, its enormous population so mixed, of so many different races, creeds, castes and stages of civilization and prosperity, its problems so many and varied, its political affairs so intricate and involved, that one hesitates to speak at all about them, and I do so with very great diffidence. You remember Mark Twain's description of India in his "More Tramps Abroad": "This is indeed India! The land of dreams and romance, of fabulous wealth and fabulous poverty, of splendour and rags, of palaces and hovels, of famine and pestilence, of genii and giants and Aladdin lamps, of tigers and elephants, the cobra and the jungle, the country of a hundred nations and a hundred tongues, of a thousand religions and two million gods, cradle of the human race, birthplace of human speech, mother of history, grandmother of legend, great-grandmother of tradition, whose yesterdays bear date with the mouldering antiquities of the rest of the nations—the one, sole country under the sun that is endowed with an imperishable interest for alien prince and alien peasant, for lettered and ignorant, wise and fool, rich and poor, bond and free, the one land that all men desire to see, and having seen once, by even a glimpse, would not give that glimpse for all the shows of all the rest of the globe combined."

There are certain historical facts which must be borne in mind if we are to understand the situation even in the most sketchy fashion, and the first is to recognize that India to-day is a vastly different thing to what it was when Britain first became associated with that country. I am told that there is no word in any Indian language meaning "India"; there was a Hindustan, but Hindustan was not India. It has been the British who have made India, preserved it, consolidated all its provinces into that thing we now call "India". (Applause.) No Indian has ever ruled all India, and there never was a united India until Britain made it so. The Mogul Emperors, the most powerful of all Princes, were Moslems—Mohammedans—and came in from Persia, first over-running the northern provinces and afterwards extending their interest further south, but none of them, even the most powerful, ever held sway over the territory we now call India. I wish I had time to trace the history of Britain's association with India, to discuss with you how the inhabitants of a small island in the North Atlantic, five thousand miles away, should be the dominant power in a land of three hundred and fifty million people. Britain went to India for trade, and not for conquest, not as a result of a definite desire deliberately carried out. They had no ulterior desires; they did not seek domination; they tried to avoid it. They went as traders only; commerce was their business. I have always thought that Britain looked upon the governing of colonies as a bit of a nuisance; only lately have they been seized with the importance of Dominions, and they have never known of their own accord how to govern Dominions. One of the greatest fallacies ever uttered is that the British have a genius for government—they have not, they never had. They may have a genius for the science of government, but not for governing. If they have ruled successfully, it is because they did not govern. The British Empire has no constitution. Some Englishmen, like Pitt, may have thought of conquest; but Clive, the victor of Plassey, vigorously opposed the idea. Certainly the East India Company, who received the first trade franchises, was in violent opposition to any such idea or intention.

When the British went to India, the great Mogul Empire was disintegrating, and this breaking up meant disorder in India generally. Such central control as there was broke down; there was no stability in the land, men became a law unto themselves, powerful Princes seized what they could, quarrelled amongst themselves, and the great Empire dissolved into a number of warring states, the battleground of warring chieftains. War has never created a good condition for trade. European traders had to protect themselves and their property, alliances were inevitably formed with the different Princes, the English getting the protection of one on consideration that they would help against another, who would probably ally themselves with the French or Dutch. The final struggle came, and the British were victorious. Little by little, and almost unconsciously, but inevitably, the march across India began, accelerated or retarded by

French, Dutch and native hostility, for which England was not always to blame. Perhaps England would have been, or should have been, satisfied with her trading posts, but in the history of nations that has always been found impossible. It seems there is no way of protecting your frontiers unless you advance a little further into the neighboring country to keep the native tribes quiet, and so you find yourselves forced to choose between two alternatives—either to abandon your frontier to perpetual disturbance, or to plunge deeper and deeper into barbarous countries. Such has been the fate of every nation which has found itself in a similar position. All have been forced by imperious necessity into this onward march, where the greatest difficulty is to know where to stop. What drove the British forward was the need for security. They wanted trade; they could not have trade without security. If Indian powers could not give security, they must give it themselves. The call for order and security was, and is to-day, the compelling cause of British dominion in India, and had it not been British it would have been French or Dutch.

Mr. Gandhi says that this policy was all wrong, and that the English should have been satisfied with their trading posts and trading treaties, leaving the government of the country to the Indian who would fight it out until one native power became supreme. He asks what would the English people have thought if at the time of the Wars of the Roses, a Continental power—say France—had stepped in and by alliance with one party or the other had finally found itself in possession of the governing power. He asks would the English ever have been satisfield if that had happened or would they feel that, taking advantage of their internal difficulties and strife, a foreigner had usurped a place never rightfully his. There is something in what he says but we must take things as we find them to-day. As I said before, the British made and preserved India, and I for one believe that they have discharged their responsibility towards India better than any other nation would have done, and I believe the Indians think so too. (Applause). From Warren Hastings on, the British have tried to give India good government. I do not for a moment contend that many mistakes, great and small, have not been made, or that many oppressive acts were not committed, but after all is said and done, the British have given India the greatest boon of all—Peace, and with that unspeakable boon have come many material advantages. From the earliest, they have encouraged education by the establishment of schools and universities. By this encouragement of education they have made a rod for their own backs, because as is so often the case, the principal agitation for self-government and complete independence, for the fulfulment of nationalistic aims and desires, comes from those who have passed through the universities, "that melancholy army of those who, having sacrificed much to go through the scholastic curriculum, find at the end that their country offers them no employment." I think that here lies one of the primary causes of discontent. India has been largely ruled by the Anglo-Indian Civil servants, on the whole men of superior education, well trained for their job, with high ideals as to their conduct and responsibilities but yet a fairly close corporation. I remember my first meeting with the late Viceroy, Lord Irwin, in 1921, when he was Under-Secretary of State for the Colonies; Sir Robert Falconer and I called on him and suggested the throwing open of the Indian Civil Service to Dominion and Colonial university graduates. We did not get much encouragement. There is no doubt that graduates of Indian universities feel that they are now unfairly treated and that if the British were out of India many more positions would be theirs. The British have always been in favour of increasing the number of Indians employed in government positions. From the earliest days many prominent English administrators have looked forward to the time when Indians themselves would fill the principal offices of government.

The British have made a splendid contribution to India's welfare by introducing a modern medical service which has largely checked the ravages of malaria, cholera, smallpox, plague, leprosy. They have organized famine relief and fought disease scientifically; the increase of thirty-two million in India's population in the last ten years testifies to the value of their efforts. They have opened up the land and have reclaimed millions of acres, making them available for farming; through the encouragement of better farming methods, millions of acres of land have been brought under irrigation and made to yield two or three and even four crops a year as compared with one crop in old days. These irrigation works have greatly increased the country's wealth—the Scinde irrigation project when completed will be the largest of its kind in the world. Despite all this it must be remembered that the Indian farmer—and 90% of India's population are farmers—is the most conservative in the world, and his betterment is retarded by the hostile propaganda of Indian agitators. The British have established many new industries, coal mines, iron mines, wool and cotton mills, jute, tea and coffee. These give employment to hundreds of thousands, but the Indian does not take kindly to modern industrial life. When I was in Bombay the cotton mills were closed and the workers' tenements deserted. They preferred to live in their old rough shelters. The British have opened up the country by building roads and railways. I am told there are 40,000 miles of the latter and I know that the humblest peasant can travel in comfort. To our simple minds the above mentioned results of British rule would seem to be blessings, calculated to increase the country's prosperity and add to the well-being of her people, but the Indian agitator would have you believe that India is being ruined by these things, that it would have been better if India had not enjoyed the peace the British have brought, but had continued to be the scene of war, turmoil and strife, that probably God intended the country to be swept by pestilence, plague and famine and that deep, dark illiteracy should always prevail. There has never been any idea of the enslavement of Indians or the exploitation of India. The control has been paternal and benevolent. The British are willing to hand over to India the control of her own affairs as soon as that can be done without risk of civil war, caste or religious tyranny, or the wronging of minorities and humbler classes who cannot protect themselves. (Applause).

The main political question arises from the agitation by the Nationalist party in India for complete self-government to be granted immediately. The demand is that India shall be allowed to manage her own affairs, both provincial and federal. Not only that, but that she shall be publicly recognized before the eyes of the world as competent to settle these affairs. There are those who make this plea on the grounds of national pride and national sentiment, while the thought of others is directed to the fulfilment of concrete policies they have in mind. The main weight of opinion behind this agitation crystallizes in that body known as the Indian Congress, now headed by Mr. Gandhi. It is interesting to note that it was begun by an Englishman more than 45 years ago. But, granted self-government, what machinery of government shall be set up to take the place of that which now functions? All political parties in Great Britain and in India are in agreement as to the propriety of the principle of granting India self-government. All are not in agreement as to whether India is yet ready for self-government. The ability to govern must precede the right to self-government. Let me repeat, however, that it is the policy of all political parties in Great Britain to allow India's political status in the Empire to correspond with the status of a Dominion when that can be safely done without prejudice to the welfare of India herself, and the welfare of the British Empire. With a desire, even an agitation, for self-government on the part of India we of the Dominion must sympathize. I felt that I spoke the sentiments of my Canadian fellow-countrymen when at New Delhi, on the occasion of the unveiling of the Dominion Column, I assured India that Canada erected the Column as a mark of the esteem, the sympathy, and the affection entertained by the people of Canada for the people of India, and as a pledge of our goodwill, our interest and our support in all that makes for the peace, prosperity and well-being of that land. I assured them that Canada wished for India an ever-increasing, ever-ascending growth, a fulfilment of all her worthiest hopes and desires, and a warm welcome among the coterie of nations that makes up the British Empire. (Applause).

The different Dominions of our Empire have always had to agitate for autonomous status. It is my opinion that Great Britain never would have granted our present status unless we had pressed for it, and it is my proud conviction that the autonomous state we now enjoy was largely won for Canada by the sacrifices made by her sons on the battlefields of Europe in the cause of Empire defense and Empire integrity. I for one have never found fault with our statesmen who urged that acknowledgement on the part of the Mother Country. It was a delicate issue even among our own people. When one advocated a strengthening, rather than a weakening of the Empire ties, he was at once attacked by the extremist, who accused him of desiring to make Canada merely a vassal state, cringingly subservient and hopelessly subordinate to the will of Britain; and when one advocated the development of a more sturdy and independent Canadian spirit, he was assailed and condemned as an annexationist or a separatist, yet both advocacies largely mean one and the same thing. Great Britain is stronger to-day among the nations of the world, and Canada is stronger too, because we have agreed that Great Britain and the

Dominions are autonomous communities within the British Empire, equal in status, in no way subordinate one to the other in any aspect of our domestic or external affairs, though united by common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations. So, I say, we can fully sympathise with a movement in India looking for self-government. We want that to be brought about by constitutional means, and we want India to remain within the Empire. (Applause). Many Englishmen associated with the administration of India during the past hundred years have advocated the gradual relinquishment to India of the government of that country.

The body known as the Indian Congress, now playing such an important part in the negotiations, was begun by an Englishman forty-five years ago. Many Englishmen have been identified with the Congress, and it was only when that body advocated the independence of India, her severance from the British Empire, when strikes and riots, bloodshed and murder, occurred, as a result of policies advocated by Congress leaders, that Englishmen withdrew. In this connection it is interesting to note that in his address to Cambridge students a few days ago Mr. Gandhi threatened that unless self-government was granted immediately he would advocate the renewal of the boycott, picketing, hostile propaganda and all those other things which led to riot and bloodshed before and will again. The Congress has always been a self-chosen body. What proportion of Indian opinion it represents, I don't know—neither does any one else; though British authorities regard the Congress leaders of sufficient worth and importance to consult freely with them. There is no doubt that many cultured Indians, good friends of India and loyal subjects of the Empire, are to be found in the Congress, while, on the other hand, some of them are radicals, hot-headed, fanatical, hypocritical and disloyal.

The first very definite and singularly important pronouncement by the British Government regarding the approach to self-government was the Montagu-Chelmsford Report, adopted by the British Parliament in 1918. The impetus given to the movement by the adoption of that report has never since been under control. It has not yet definitely been determined whether it will lead to a crash or not. To the majority of the Indian Nationalists the British Government has moved too slowly. Many earnest men of vast experience in India, with a deep knowledge of political history and government, men warmly sympathetic to India's desires, regarding the Indians with feelings of deep affection, think that Great Britain could not with safety have moved more rapidly than she has done in the last twelve years—(applause)—and they entertain grave fears lest an acceleration of the evolution should do more harm than good, and set back, maybe for decades, the achievement which both parties have in view. The Simon Report, which I commend to your attention, set forth, with many convincing reasons, that the period of evolution must be protracted. The Viceroy, Lord Irwin, than whom India has never had a more devoted servant or a more sincere friend, in his official comments on the Simon Report, confirms that body's opinion that the changes must inevitably take considerable time before responsible government is achieved, and says: "There are undeniable obstacles to the attainment of complete self-government." Yet he pleaded that these obstacles be not used for the purpose of delaying the progress of India, and asked that a genuine attempt be made to overcome them. He adds: "It is clear, as the Statutory Commission have been careful to point out, that this ideal is at present distant, and that the federation of Greater India, to which they looked forward, cannot be artificially hastened."

A surprising and hopeful measure of progress attended the Conference held in London last winter. As a consequence, hopes were raised which, I feel, cannot be fulfilled as soon as the enthusiasts wish. With Lord Irwin, I feel that we should spare no efforts, and even take some risks, in order to arrive at a constitutional solution which will give reasonable scope to the ideas and aspirations that are moving India to-day. The question is not only a delicate one, it is fraught with grave dangers, and requires statesmanlike handling by honourable, well-intentioned men, among whom fanatics have no place.

India is seething to-day with political unrest, concerning which considerable unanimity of opinion prevails amongst the Indian population—a unanimity that is strengthened by family castes and family attachments, and also because the dominant power in India is in the hands of an alien race, and this gives opportunity for racial appeal—something not unknown in our own country. Naturally, that opinion is more articulate in the larger towns, where you find the educated classes, but even land holders and the agricultural workers, mostly illiterate, and normally holding conservative views, are being stirred by paid propagandists and agitators. These agricultural people have as yet no informed, or, at most, only a hazy conception of the political problems of India. Yet they are a great potential mass, because they are easily roused to mob demonstration and violence by communistic propaganda and religious appeal. It is particularly on the latter ground that Mr. Gandhi moves them. In all this propaganda the press plays a great part, and India is no different from other places, in that the majority of the people take their opinions ready-made from the press. On the British side very little effort is made to counteract the influence of the hostile press. There is no doubt that much money is spent on anti-British propaganda. Where it all comes from I do not know, but I venture to assert that much of it comes from outside India. Yet it is a fact that Indian business men, particularly those of Bombay, have given financial assistance and moral support to the civil disobedience movement—a movement clearly in defiance of the law, and something which should normally have no attraction for those whose interests depend on stable and peaceful conditions.

In the lives of the Indian people, whether Hindu or Moslem, no interest is so intense and vivid as religion. Regarding that, they are very emotional, even fanatical. We sometimes hear Indians spoken of as if they were heathens; they are not; they are non-Christian, but that does not mean that they are non-religious. Certainly the majority of them are extremely religious, and it was the power of religion that enabled Mr. Gandhi, during the non-coöperation movement ten years ago, to rouse and sway the masses to a degree hitherto unknown. It is the veneration in which he is held for his ascetic life that makes his appeal so powerful. The great mass of Hindus regard him as a saint, just as the great mass of Chinese venerate Sun Yat Sen. Mr. Gandhi's second appeal is to those whose interests are predominantly agricultural. The people are constantly urged not to pay their taxes. How any country is to be run if taxes are not paid, I do not know; but these poor ignorant people are asked to believe that they are taxed largely because an alien people administers the affairs of the country.

I am firmly of the opinion that Communism is responsible for much of the trouble in India. The world of Communism prefers unrest in India, and that world is our enemy, spiritually and materially. (Applause). Then there is the genuine influence of nationalist ideas. With that I have every sympathy, and there is no doubt that among the educated classes in India there has been evoked a considerable degree of national consciousness; that it is a natural and honourable result of education and economic development. Another result is a greater self-respect, and a demand for equality of treatment and status with the western world. There is no doubt too, that the rise of Japan as a great Asiatic power, and her defeat of Russia in 1904-5, provided much stimulus to the growth of the nationalist movement in India. During this century the stream of Western thought has more and more caught India in its current. Intercourse with the West has grown, Indians travel more, and I am afraid see many things in the social life of the countries visited of which they do not approve. The movies have greatly lowered their respect for Western people. And again, Indians are fully conscious of the part they played in the War. They were very loyal during the War, and are deserving of every praise. All these things have helped the growth of the nationalist movement, and have made the Indian people extremely sensitive to any ill-formed judgments which might appear to indicate a lack of trust, or to indicate that the Indian people are an inferior race.

I repeat, the Nationalist movement in principle is honourable, and with it no self-respecting people can find fault, certainly not we British people. It is the manner of carrying the reform through, and the rate at which it can be accomplished, that causes the differences of opinion. The British wish to go about it slowly, methodically, taking care that all obstacles are clearly understood and their removal provided for. The extremists in India, principally found amongst the younger men, are not satisfied with self-government as we understand that term. They demand independence, full and complete—breaking away from the British connection. They are not averse to resorting to methods of terrorism. They believe that India must go through a period of bloodshed, such as China has gone through, before she is to be free to achieve her destiny. They call this the period of sacrifice, and fanatical people are prone to listen to such an appeal. Such men are enemies, and it is idle to expect to come to terms with them. The best that can be hoped for is that in time they may see that more can be achieved by constitutional means than by endeavouring to wreck the constitution. There can be no doubt too that the best educated Hindus support the aim of the Nationalist movement, though it is only fair to add that they deplore the methods of non-cooperation, passive resistance, picketing, etc., and all other forms of violence.

I wish the time at my disposal would permit me to enlarge upon the reasons why the best British opinion holds the view that complete self-government cannot be granted at once. There are the problems of the army, the measures that are necessary to ensure internal tranquillity, the necessity of seeing that the finances of India, and its credit in the markets of the world are kept on a sound basis, and that its commercial and tariff policy is sane. Surely our Empire is profoundly concerned with what India's foreign policy is, with the risk of war always involved.

Another obstacle about which I must say something before I conclude is the position of the Indian States ruled over by Indian Princes. Do you know that one-third of India in area, and nearly a quarter of the population, is under the rule of Indian potentates, with many of whom Great Britain has a separate treaty? These States are more than 560 in number, but vary enormously in size and importance. The Princes have the power of life and death over their "children", as the inhabitants are called—there is no such word as "subject" in their language. In a federated India, these people would no longer be subjects to the State; they would be subjects of India, and the Princes would be shorn of their power. Are they likely to be willing to give that up to a legislature composed in part of races they have despised for centuries? The proud Princes of the north have little respect for a Bombay rabble or the babu of Bengal. How to deal with these States is an obstacle to immediate solution, but it is also for us a safeguard, a brake upon a too hasty agreement with idealists and fanatics. But you will say, the representatives of the Indian Princes at the Imperial Conference agreed to the principle of federation. They did, with reservations. What these reservations are I do not know. I think I know two very good reasons why they agreed, but I shall not mention them now. The Indian Prince has always been a very loyal friend of the Empire. Many of them are very highly educated, enlightened men, full of interest in the welfare of their people. Some, of course, are not, but the Indian Prince has a great part to play in the India of the future.

The Round Table Conference at present in session has shown us more clearly than ever that one of the greatest obstacles in the way of granting complete self-government at once is that the interests of minorities must not be prejudiced. Here is the sticking point in every Conference. The British Government says to the Indian delegates, "This is a purely Indian matter; settle it among yourselves", and up to this date they have not arrived at any agreement. The Hindu delegation say to the British Government, "You outline a basis of settlement, and we will tell you if it is satisfactory," thus putting the entire onus on the British, who would be held to blame for any nonsettlement—clearly unfair to the British. In India there are now more than 220,000,000 Hindus and 70,000,000 Moslems, who are different in race and religion and who, deep down in their hearts, dislike and mistrust each other. The Moslems will not willingly submit to a central government elected by an overwhelming Hindu majority. Each fears that if the other gains power, that power will be used to its own exclusive interest, and history seems to justify that suspicion.

Let us hope, however, that the Conference will not fail, that a way out of the difficulty will somehow be found. India needs the British, and we need India. It will mean much for the peace of the world if a solution acceptable to both countries is the result of the Round Table Conference. (Loud applause.)

Rev. Provost Cosgrave expressed the thanks of the Club for the clear, interesting and most instructive address.

THE BRITISH ACHIEVEMENT IN INDIA

AN ADDRESS BY MR. GEORGE PILCHER.

19th November, 1931

PRESIDENT STAPELLS was in the Chair. He introduced the guest, who said:—It has been a great pleasure to me to observe, since my arrival in Canada, the great interest taken by you in my subject, as evidenced by the recent address to this Club by Sir Arthur Currie, and also the series of addresses by Madame Sorabji, who gave very good outlines of the Social Service in India. I was also greatly impressed with the attitude of the audiences I have recently addressed in the Old Country, in regard to the whole problem of the British Empire. The feeling there now is that the Empire can only last if it subserves the general human interest; if it is a great factor in the material, spiritual and moral advancement of its subjects; and if it takes its stand upon the progress of the human race. I think that is the spirit underlying British statesmanship in London now, and it is certainly the spirit which entirely animates our judgment on problems such as India.

The Indian question is always put in this form by the Indian leaders who demand a great change in the character and control of the administration of the country: "Have the British any right, as a non-Indian race, to be here at all, purporting to govern Indian for India's good?" I want to postulate it in a different way; "Has England the right to leave India?" (Applause.) Before we can answer this question we must get some clear estimate, however perfunctory, of what the British have done in India. That is really at the base of this problem. It is sometimes urged that they have neglected the cultural advancement of the country. No charge could be less well-founded. When we began to take a close interest in India, about 1800 or a little before that, there was no printing press in that country, although in Europe the press had been in use for 300 or 400 years. There had been no clear intelligence as to how many languages there were, who spoke them, or indeed any clear knowledge of the very structure of many of the languages. One of the first jobs of the English missionaries and administrators was to ascertain what were the languages, and provide the Sanscrit and other literatures with suitable letters. That was an immense task. Only recently a great book has been published containing a passage of prose translated into 400 different vernaculars, all of them spoken in India. At least 70 of these are important languages belonging to ten or twelve linguistic groups differing from one another as greatly as Norwegian from Swedish, or Swedish from German. The solution of the language problem is one of the great services which the British have rendered to India. The whole of this propaganda for the termination of British rule in India is conducted in the English language. It is the language of the Indian Conference. Mr. Gandhi would be utterly unable to express himself or agitate at all with the Bengalé, Madrasi or Punjabie, without the English language, which is the "lingua franca" of the country. Therefore they retain their hold on the English language. Not more than seven per cent are literate, even to the extent of writing a post card in any language. Barely one per cent of the female population are literate. There are 351,000,000 souls in India, but not one newspaper has a circulation of 100,000. That will give you some conception of the limit, for many years to come, of any real political enlightenment of the masses of the people; thus when a politician says, "I demand, on behalf of the Indian people, that you sign this deed hand-ing over the Government of India to me or to some one else," it is pertinent to know how many of the population he represents, and in what way they express their mandate and ask him to represent them in London.

But I must pass on to other achievements—first, defence. There was hardly a century, from the conquest of India down to the Eighteenth Century, in which there was not an invasion of the country which involved unutterable misery and cruelty to the masses of the people. There was an attempted foreign invasion in 1920; I was there at the time; it cost £40,000,000 to repel the invader, although we had a British army of 60,000 men, and Indian troups of 160,000, officered by British. We maintained that army against enemy invasion. Generally speaking, since 1900, thanks to the British army and organization, the peril of invasion has been removed.

Take, next, the achievement in the internal order of the country. One of the best and fairest books you can read is Sir Walter Lawrence's "The India we Serve". During the whole period of his 25 years' service in India there was never a serious occasion of dispute extending to street riot and disturbance between Moslem and Hindu communities. But what was the condition when the British arrived there? You can read descriptions, not in the record of British writers, but in such books as that of Bernier Dupre, and others written by impartial observers, before the British were interested in the country; it was one constant disturbance. One of the greatest Moguls was engaged in a war with his brother and uncle which continued for years, involving massacres and counter-massacres, bringing disaster to the country. There were revolutions between Princes, and revolutions between Moslems and Hindus. During a century of British rule India has had internal peace, due partly to the army and in a measure to the magnificent organization of an indigenous police force nearly 300,000 strong, officered by only 700 Englishmen. Those men have rendered invaluable service to India by giving the villagers peace, by capturing the plundering Dacoits and raiders. The question must be answered: "What can you do to see that the Moslems will not set upon the Hindus, that those garroters and thugies that were active in the country shall not become active again?" The thug existed until 1855 or 1860, the professional hereditary garroter of one native Indian class, who strangled his victims with a handkerchief. He joined himself to a party marching from Allahabad to Delhi; he insinuated himself into the habits of the people and obtained a knowledge of their country, and after two or three days every member of that party would be garroted, and buried beneath the sacred tree to the accompaniment of religious rites. This was exterminated by British police officers. "The Confessions of a Thug," written about that time, will give you some impression of the state of the country until this tremendous work of pacification was achieved by the Britisher.

Now I want to pass on to some humdrum achievements, equally creditable to the British race, and just as necessary, to safeguard British peoples all over the Empire, as those I have recorded. Take, first, the question of public finance. You hear from those wishing to terminate British rule that the British Government has squandered vast sums. No charge has less merit. India, with its ten provincial governments, is carried on for the equivalent of £135,000,000 a year. The country contains a fifth of the human race—351,000,000—and includes 2,000 miles of one of the world's most difficult frontiers to defend, part of it the most vulnerable frontier in the British Empire. Some £40,000,000 is spent on the army, the strength of which I have stated; you may judge whether that expenditure is excessive or unnecessary. India has a national debt of a little over £800,000,000, and the amount of £700,000,000 is invested in great public utilities, such as the railway, which has one of the most efficient administrations in all India. So well are the utilities managed that they pay the entire interest on the investment, and many, such as the railway, yield a clear profit to the taxpayer, which goes to the reduction of taxes every year. I commend the railway situation there to the study of Canadian citizens at the present time. (Laughter.) I say this not in any spirit of criticism; the Empire exists by pooling the knowledge of the various parts. The railways are state-owned. They were built by British companies with British capital, but the state hired them and tired to run them, and made experiment after experiment, until after fifty years of trial and error they have a system which incorporates all the advantages of state-ownership and company management. I believe that Canada would obtain great profit from the suggestions of the Indian Railway Administrator, who has retired and is probably in London at present. The contribution such a man could make to the systems of Canada if he were on a Commission of Inquiry would be very great. Half of the public debt of India is owed in London. In the interests of India we must have some guarantee in the world's market that India's interest is not to be entirely destroyed; that the debt will be honoured; and that those great public assets will continue to be administered productively, economically and efficiently, as they have been in the past. (Applause).

There is another British achievement on which I could spend three-quarters of an hour, because it touches Canada very closely—the trade of India. It has been calculated that the whole foreign merchandise of India in 1780, in and out, could have been transported in twelve vessels of 5,000 tons each, leaving once a month and returning once a month. Last year vessels of a total displacement of 8,000,000 tons left from Bombay and Calcutta— both of which have populations of over one million people—carrying merchandise to the whole civilized world. The foreign trade last year was worth about £400,000,000 Sterling, or about $2,000,000,000. India ranks fifth or sixth in the world in the value of foreign trade. That achievement has been due primarily to the fact that the little island in the North Sea which obtained an interest in India about 1756 was inhabited by a maritime people. Wrapped up in the system of Indian trade we have a line of free ports running down from Plymouth to Australia. We have that great system of trade, with those ports and the Indian markets free to all nations of the world. Do you think that if this were abandoned it would effect only India? A relatively large proportion of British tonnage is concerned in the prosperity of that whole line of communication. India is a factor in British trade and prosperity; she is still our biggest customer; she buys nearly £100,000,000 Sterling worth of goods from the United Kingdom annually. No Englishman claims that India's interests should be subordinated to those of great Britain, but if trade prosperity ceases it is going to have a serious effect on the whole world business organization. This is worth consideration from the Indian and the Canadian point of view. What would be the effect if we had 500,000 men out of work in Lancashire? We have seen quite clearly in the past few years that if many industries in the United Kingdom are paralyzed for an indefinite time, the economic prosperity of the whole world is affected. The world moves as a unit, and has to work as a unit; you cannot contemplate the loss of this immense amount of trade without disastrous effects on the Indian population in connection with cotton, jute and tea; the English export trade in iron and steel would suffer seriously; that suffering would communicate itself, sooner or later, to the whole world.

One or two other achievements I will mention, because they must be taken into consideration. I would call attention to the growth of India's population. If that country had been badly ruled—ruled in other people's interests—how is it that the population of 320,000,000 in 1920 has been raised to 351,000,000 in 1930? The increase of population has been very much larger in India since 1870 than in the United States, an unpopulated country of almost fantastic resources.

One-third of India is still ruled by natives. In ten British provinces we have gone ahead with parliamentary experiments, but in the native states, comprising one-third of the country, and one-third of the population, you have in contrast with the democratic development in the ten provinces a thoroughly paternal, despotic administration. Only a few months ago the Indian Princes in London were having a discussion with a Cabinet Minister who had outlined the difficulties that would come to the native states and one said, "Yes, but can you imagine what it would feel like to go out in the street and see the population anxious to get a glimpse of you? What it feels like to know that you have to go as if you were the very representative of God, and the peasants regard you as though you were "God?" Those Princes are tied to Britain by conventions, agreements and contracts guaranteeing them their right of protection against internal disorder and foreign nations. They surrendered the right to deal with foreign powers, but those agreements—which were not made with the native government, but with the King-Emperor, as they call the King—give them the right to administer their properties on the lines on which they had been administered hitherto. One of the British achievements has been the complete understanding between the Princes and the British Government, and the absolute reliance of those Princes on the British word. (Applause.) The Princes encourage a closer association with British India, though the Round-Table Conference shows how difficult it is to come to a basis of agreement, when you try to decide who is to control the financial resources—the native states or the Princes. The native Prince is God and ruler, with power of life and death over his subjects. The land belongs to him; the peasants cultivate it, but he gets the big revenue, because of his personal capacity; almost universally he has no civil list. It is practically his property, with a patriarchal relationship between the Prince and his subjects. It is not an easy matter to dove-tail that into a system with the principle of "no taxation without representation".

I have given you some conception of the issues which must be settled if permanent safeguards are to be made; these must surely be a condition of any British abandonment of responsibility. Have the British a right to leave India? Have they a right to risk the return of 350,000,000 people to the conditions from which they have been redeemed, largely by the small band of administrators who have carried on the government for so many years?

It is fairly clear how the Indian sees it. The trend described by Sir Walter Lawrence has been totally changed. There is a fear abroad in those two great religions, Hindu and Moslem, that the end of the British Raj is coming. That is the underlying factor, causing the recrudescence of the terrible strife between the two religions. Early in 1921 the adherents of the primitive religion in the Malabar district heard Mr. Gandhi, who told them what fine fellows they were. They decided that the time had come to rise up and be doing something. The Moplas attached all the non-Moslems in the area. Some 5,000 were killed before British regiments could establish order. Some million Hindus were circumsized by those people.

The Moslems of the north came to Kandahar four or five months ago, and it was given in sworn evidence by men of the Moslem community in that modern city that they thought if Gandhi were released from jail the modern Raj might come in a few weeks or months. They started a most frightful massacre again. The official number of the dead was between 400 and 500, and some 1,000 prisoners; and the official of the jail told me the number was very much larger. I have seen photographs that the press were not allowed to reproduce, of hundreds of dismembered remains that were carted through the city in a lorry. What guarantee is there that that sort of thing is not to become general, and that the whole business of the country will not be disturbed? What guarantee could there be if there were not absolutely satisfactory control of the army? Mr. Gandhi said yesterday that he must control the army; but who is he that he should control the army? I do not want to belittle Mr. Gandhi; I think he is trying to do good in his own way; but I do not know whether we should allow him rope in so many directions. It is all part of the British toleration.

It was we who started this idea of self-government in India; it is not Mr. Gandhi's idea; it is not an Indian project. From the very outset we talked of the days when India might govern itself. You will find it in Macaulay, and if you read the famous declaration of 1917 made by a British Minister in the British House of Parliament you see that the aim was to give India full responsible government, but that the British Parliament must be the judge of the stages in that advance. Mr. Gandhi, who stands for Indian Nationalism, is reported to have said that his countrymen, who should carry the same weight in the world as Englishmen, Germen or Frenchmen, had not received the same amount of respect. He has set himself to awaken his people, but I think Mr. Gandhi lately realizes the magnitude of the achievement. He has become so used to the British peace that he does not know what a non-British internal war would mean; he does not realize the difficulty involved, or the character of many of those processes which give his country peace.

Mr. Gandhi knows his limitations. He has inveighed against many things, even against the importation of British milk, and the foundation of British hospitals; he referred to this as undermining native self-respect. Mr. Gandhi had an operation for appendicitis in a British hospital. He was asked to choose between a Hindu surgeon and a British—Colonel Macks. Gandhi chose Colonel Macks, and he has referred to the weakness of the flesh which prevented carrying out his principles. With all his professions of self-denial and poverty, Mr. Gandhi has a mind full of egotism. I never like talking about people in their absence, but I would say these things if I were in his presence, as I was in the waiting-room of the House of Commons, when he spent half an hour trying to show that the navy and the army were unnecessary. He was talking to one of the members about what he would do if there were a rebellion; describing how he would pray and pray, and talk independence—satyagraha—but this was the essence of the whole proposition—"Surely the British were friendly to India, and would help in an hour of need." (Laughter). Any proposal of his relating to Indian officers is this—that the Indian government might rule, but India would be served by the British with the item of supplies, and British officers would be in charge. It is inconceivable, as Sir John Simon pointed out, that you should have an Indian government responsible for the peace of the country in every district, and the army controlled by British officers. Many of those suggested solutions do not fit the facts of the case. Gandhi's efforts to bring the Hindus and Moslems together are notorious. If the Conference has been ineffective it has been in a large part due to Mr. Gandhi's failure, and the failure of others to achieve the impossible; that is, to persuade the Moslems that they would be safe in a future in which the English have not the control. There are 70,000,000 of untouchables who are claiming equal terms;

there are 80,000,000 Moslems who will not submit to the Gandhi Raj. It is they, and not the British Government in London, who said, "We cannot agree to Mr. Gandhi's demand." They have demanded an absolute assurance that in any future legislature they shall be represented according to their numerical proportion in the population. Where they are lucky enough to have a majority, there shall be a majority in that Parliament.

I think we have unduly advertised the forces in India which are against the British administration. We have risked much to lead the United States to suppose that Mr. Gandhi and other Indians of the same mental cast speak for the whole 351,000,000. The world has been startled with the proceedings in London; they have stimulated interest everywhere; if we can rely on public opinion, and give people a true conception of our Indian problems, first on what principles the British Administration stands, and the patient temperament of the British Administrator, we can dispel the beliefs spread by some of those poisonous books, one of which I was reading the other day; it suggested that every Englishman in India insults a Hindu or Moslem when he meets one. There could not be a more infernal untruth than that suggestion. As long ago as 1900, the Government came down heavily on British officers who had not treated Indians with the proper respect. There are cads everywhere, but such men in India do not truly represent the British inhabitants.

We must encourage and help the whole world to get the right perspective of this problem, and realize its significance for world prosperity. I think the result will be to return to the report given by the Simon Commission This Commission, composed of men whom we can trust, went as far as they safely could. I am not without hope. I believe that the men from India who have gone to London with Mr. Gandhi, perhaps Mr. Gandhi himself, have acquired a much better conception of the nature and size of the difficulties, and you will find they will go back in a more tolerant and constructive frame of mind, which, if we are patient, will lead to a useful, firm and stable settlement on the lines of the well-reasoned recommendations in the Simon Commission's Report. (Loud applause).

HON W. G. MARTIN, Minister of Public Health and Welfare of the Ontario Government, conveyed the thanks of the Club to the speaker for his well-balanced and logical address.

SPECIAL LUNCHEON MEETING

In Honour of HIS EXCELLENCY, THE RT. HON. EARL OF BESSBOROUGH, P.C., G.C.M.G., Governor-General.

(*Before a joint meeting of The Canadian Club and The Empire Club of Canada*).

24th November, 1931

The Rt. Hon. Mr. Meighen, President of the Canadian Club, introduced His Excellency, who spoke as follows: I must admit I arise before this great assemblage with some sense of guilt. Both great institutions which are represented around these tables to-day were good enough to offer me hospitality almost from the very moment that His Majesty the King asked me to come to Canada as Governor-General, and both institutions renewed their invitations most cordially when I arrived at Ottawa. I had not forgotten this and as I listened to the remarks which fell just now from Mr. Meighen, his most kindly words of welcome, and as I listened to the very cordial way in which you responded to Mr. Meighen's remarks I could not help feeling that it might appear ungrateful in me to have allowed seven months to elapse before availing myself of your invitations. I have not done so, allow me to assure you, from any lack of appreciation, but as it happened circumstances made it difficult for me to be in Toronto during the summer, circumstances which no one regretted more than I did after the very pleasant week I spent here last Whitsuntide.

Now I am here I do not mind admitting that I am not altogether sorry to have those months of Canadian experience behind me. I have obtained a few more months of experience of Canada. My family have done the same. My elder son has already had the opportunity of traversing the Dominion from sea to sea. My younger son, even more fortunate than his brother, has had his whole life's experience confined to the provinces of Ontario and Quebec. None the less gentlemen, the task that is set to the Governor-General upon these occasions is not easy. It is not easy for any Governor-General in his first year of office in this Dominion to respond adequately to such a welcome as your two clubs have always given to the King's representative when he comes to Toronto, and it is not made any easier for him when he thinks of the high standard which has been set by the distinguished line of his predecessors. However, gentlemen, I take courage from the experience of Abraham Lincoln. I remember, as you will, that he confessed to having some alarm when he was for the first time under fire, until he observed the curious behavior of those who were shooting at him and noticed that they were every bit as afraid as he. After that he felt much better and I feel better from the reflection that no doubt Lord Willingdon, Lord Byng, or even to go back into the past to that master of wit and eloquence, Lord Dufferin, that all of these may have experienced also a certain diffidence when they first went into action over the top of a Toronto luncheon table.

Before I left London, a friend of mine with a great knowledge of this Dominion gave me his views of various great cities, and when he came to Toronto he prefaced his remarks, I remember, by saying, "There are two things they understand in Toronto—the British Empire and a good horse. I could not help being reminded of this description a few days ago when I was casting my eye down the London Times and was reading the account of the reelection of the present Speaker of the British House of Commons at Westminster. His proposer recommended him on the ground that he was one of the best judges of Shorthorns in the country and went on quite naturally to add that he was very well fitted to preside over the House of Commons. This delightful observation, as Sir John Simon hastened to point out, is like some echo of the ancient Greek who said: "A good judge of cattle and metaphorically a good judge of character." Mr. Tony Weller, as Sir John Simon reminds us, recommended two friends of his as the wisest legal advisors to be found on the ground that "they were the wery best judges of a horse you ever knowed." He went on, "The man who can form an accurate judgment of an animal can form an accurate judgment of almost anything." You will now appreciate the extent of the compliment paid to you by the friend that I have quoted. That he was literally accurate goes almost without saying. Also I know it to be true, from what I have seen of the Woodbine, what I have seen of your Winter Fair, and what I have seen of your jumping teams at Olympia. But I am also glad to accept the description as meaning that in Toronto you can form an accurate judgment of anything. And I am equally confident that you have a very profound and, what is even more important to-day, an up-to-date understanding of the British Empire.

Now that expression "up-to-date" requires some explanation and an attempt to make such an explanation will be the substance of the few remarks that I will venture to submit to you this afternoon. In speaking of the British Empire some people are apt to speak as though it were a hard and fast principle, an abstract proposition, and to say according to their views it is a good thing or it is a bad thing, as they might say of prohibition, bi-metallism, or whether Bacon wrote Shakespeare's plays, or any of the thousand and one abstract problems that men discuss so heatedly. They look on the British Empire as a fixed political theory—crystallized and immutable, incapable of evolution or adaptation. I notice they sometimes jump to the conclusion even in high literary circles, that the days of the British Empire are numbered. If their premises were correct their conclusions might be justified, but surely their very initial conception of the Empire is wrong. In all history, since the days when clans, tribes and kingdoms first came into being, no association of human beings has ever been of a less rigid political abstraction than the British Empire. It is, I think, far more comparable to a living organism, so readily has it always adapted itself to ever changing needs of an evolutionary world; and in nothing has that elasticity, that healthy adaptability been more visible than in the relations between the Mother country and the great Dominions overseas. Within our own memory these relations have undergone profound development, keeping pace with the remarkable growth of the Dominions themselves, and the process goes steadily on; in the United Kingdom the British Parliament is actually occupied with yet another phase of it at the present time. And what has been the result? Has this widening of political responsibility brought with it a corresponding lessening of the hidden ties that first bound the Empire together? I see no reason why this should happen. In nature the yearly growth of a tree, the constant thickening of its stem and the increasing spread of its branches do not denote decay at the root. On the contrary they are only possible when the roots are strong and healthy. And so too with the Imperial mechanism; the very fact that its several members are attaining a stage of development undreamed of a few generations ago is surely proof that the whole is sound. Belief in the British Empire must be grounded on a true conception of what the Empire is to-day, not on a dogmatic, hide-bound recollection of what it was yesterday, nor on any falsely built analogies from other Empires of the past. Those Empires fell because they were static. The British Empire lives because it is dynamic, because it is instilled with life force.

Those who so readily condemn Imperialism are as a rule speaking of a political stage that most Empires never survive but which ours has succeeded in outgrowing. It is in fact a remarkable feature of many institutions in human history that the gradual discarding of the scaffolding within, with which they were originally built up, has resulted not in the weakening of the fabric but in its consolidation. The finest examples that occur to one are those of the Monarchy and the family. As regards the family I think it is now generally accepted that the stern, infallible parental authority, in whose shadow some of us here to-day grew up, is now a thing of the past. The fathers, wise fathers at any rate, no longer abrogate to themselves the undisputed control of their children's destinies in the way that they did less than a generation ago. The early Victorian father, who as you have just seen delineated by Mr. Rudolph Bessier in the "Barretts of Wimpole street," put down his foot emphatically on anything he did not entirely approve, is as extinct as the dodo. But though we do grumble superficially, at any rate, at the independent, almost untamable spirit in children, I think most of us agree that we get on better with our children than was the case fifty years ago. If the old fashioned conception of family law, dating as it did from the days of barbarism, has been allowed to sink into abeyance, the spirit of family life so far from weakening has gained in strength. The father who is a friend to his son finds perhaps parodoxically that he has more influence on his son's life than he would if he were a Draconian law-giver. And likewise I suggest to you in the evolution of the monarchy, that a statesman, say of the 17th century in Europe, would find it impossible to believe that it could survive and flourish with three centuries of rabid democracy, such as we have seen. Yet we who owe allegiance to the British Crown to-day pay that allegiance more whole-heartedly than ever our forefathers did. For we know that constitutional developments, however they may have affected the purely legal aspect of the crown, have left it emphatically stronger, essentially more powerful for good, than before. And we know too that at no period of our British history has the wearer of the Imperial crown been more truly the leader of his people than His Majesty is to-day.

But if, as I have tried to show, the outward form of the British Empire has undergone evolutionary change to bring it into harmony with the constant march of civilization, there is corresponding change in the responsibilities and duties of its members. In the old days the obligations of the citizens of the old fashioned Empires—take for example that of Rome—were quite simple; they admitted of little argument. In Rome you did what Rome told you, and if you did not you very soon heard about it. In the early stages of our own Imperial development, the British settlers who went overseas had little leisure to think of much else than the struggle against the forces of nature or against their savage neighbors. Their only material links with the Motherland were ships, that arrived at long intervals and after a time sailed away, taking with them, I should perhaps add, such taxes as the officers of the crown had been successful in collecting; they had practically no links with their fellow members of the Empire across the great oceans, and certainly no common interest. What a wonderful change a few generations have brought! What an extraordinary difference in the constitution of our British Empire to-day! I do not think that I can better contrast the difference than by quoting the terms of the final resolution of the conference of 1926. Some of you may remember it. "The Dominions", so runs the report, " are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or of their external affairs, but united by common allegiance to the crown, freely associated as members of the British Commonwealth of Nations." That is our present charter and I say to you that it is a fine charter and a splendid deed of partnership. But remember, such a partnership admits of no sleeping partners. The articles of association of the Empire have been brought up to date and so too have the responsibilities of all the members of the firm.

Modern business conditions permit of no dead heads and it is no less true that in any modern association of nations each nation must pull its own weight. The strength of a chain, as we all know, is the weakest link. If the chain of the British Empire is to stand the strain which all the troubles this post war world is bound to put upon it, each individual link must be as strong, as truly tempered as its fellows. The question must follow—"how can such strength be attained?" After all, there can be no formula as to that. The several nations of the Empire are no longer cast in the same mold, even though the stuff that goes to their making is still fundamentally the same. The function of Canada, Australia, or New Zealand are all separate, and all distinct in our great partnership, but every one vital to its endurance and prosperity. These several functions cannot be defined in any single phrase. One can only say it is the paramount duty of each partner to make the best possible use of its own potentialities, of its own native genius, of its own material resources, and to evolve thereby the best type of citizen native to its own soil. Those are the responsibilities which, to my mind, are inseparable from the right to partnership in our Empire. The duty of each nation, as indicated in biblical phrase, is to not wrap its national talents in a napkin.

If it were to fall to me to testify that Canada had a high sense of duty I should have no hesitation in doing so. But may I remind you that your talents, using once more the word from the bible, are many and diverse; the resources of nature, the hidden treasures of the mine, soil, forests—these are some of them; industrial energy, the determination of your people, are others. But there are still other talents which a nation must not neglect if she would attain her fullest stature, and chief among them perhaps is the talent of culture. It is not necessary for me to remind you that every nation in history that has earned the title of great has infallibly been associated with some notable contribution to the general culture of the world. The name of Greece, to take the most historic instance, is inseparably linked with the drama, sculpture, and the philosophy that was her special glory. The most permanent contribution made by the Roman Empire was her system of laws, which has been the foundation of almost every other legal system. And it may well be that as the centuries go by England may be chiefly remembered as the birth place of Shakespeare, of Milton, of Newton. These are merely commonplaces. I merely mention them to enforce my point that Canada, if she is going to do justice to herself and to the Empire, must continue to foster her own cultural development, and let me be quite clear, I do not mean she must merely keep touch with the culture of other nations. I mean that she must water the cultural plant in her own garden so that Canadian science and literature, art, music and drama may thrive as vigorously as those more material activities which are equally a part of the equipment of a great nation. I mentioned Canadian drama but before I sit down I should just like to make one remark upon that subject, for it is one that has always interested me. A great many people think that the drama is simply an entertainment. They are entirely wrong. The drama is an art, and just as the feelings and characteristics of a people are expressed in their singing, in their dancing, painting, sculpture and so on, so they can be expressed in drama. Drama in

Great Britain existed and flourished years before there were professional actors or theatres run on commercial lines. Drama began on the village greens, the yards of the taverns, in cathedrals and in the churches. It arose as a spiritual and not a convivial feature of communal life.

York, for example, is, I think, the original godfather of Toronto, and it was one of the cities most famous in the 15th century for these plays. Through the centuries since, the drama lost her place as a part of national life. The days of the commercial theatres arose with the box office as their god. For the last two centuries the question of what is wrong with the theatre has been heard almost without intermission, and it is only in the present century in any part of the world that drama, which sprang from the people, gave a first sign that history was about to repeat itself. In Canada at any rate it has been apparent in the Little Theatre movement which has grown up and which has spread from end to end of the Dominion. Now what I should like to see is this movement extended. I should like to see a Canadian Drama League, Dominion wide, culminating perhaps in some great annual Dominion dramatic festival. On artistic grounds and even more on educational grounds, and even most on national grounds, I throw out this suggestion for your consideration. For I believe such a movement would promote good fellowship and create a feeling of national solidarity. To be successful it would have from the outset the support of your great universities and educational institutions. I have not the slightest intention of inflicting my further ideas on you in this speech this afternoon. I have already trespassed on your indulgence but I do so because Toronto is not only a home of Imperialism, it is also a home of culture; and so I put the suggestion, contained in my last remarks, to you for your consideration as the time goes on, in the sure confidence that in the words of Mr. Tony Weller, in Toronto you can form an accurate judgment of anything.

Mr. Stapells, President of the Empire Club: It is my privilege to tender to His Excellency the thanks of these two clubs for his address. Your Excellency did the Empire Club the very great honour of just becoming its honourary president. Your graciousness is something which we will dearly cherish. It seems to me that with His Excellency's words ringing in our ears, this is an occasion upon which we might well pledge anew our loyalty to His Majesty our King; His Majesty's constant thought for the welfare and solidarity of the Empire has been evidenced once more by the selection of His Excellency to take his place amongst those distinguished governors who have so acceptably represented His Majesty here. His Excellency's constructive public utterances of which to-day's is no mean example, offer us ample proof of His Majesty's wisdom. His Excellency is worthy of our respect, and our gratitude goes out to him to-day for his presence and his address.

THE CURRENT BUSINESS SITUATION

AN ADDRESS BY PROF. W. C. CLARK, DIRECTOR OF COURSES IN COMMERCE AND ADMINISTRATION AT QUEENS UNIVERSITY, KINGSTON, ONT.

10th December, 1931

PRESIDENT STAPELLS introduced the speaker. Professor Clark, who was received with loud applause, said:—In these days one accepts with certain misgivings an invitation to speak on current business conditions—lest one add unduly to the prevailing atmosphere of gloom. You will recall Eddie Cantor's recent predicament. He had just joined a society dedicated to the noble task of eliminating the word depression from everyman's vocabulary. The next time he had occasion to speak he said: "Gentlemen, this is not a depression but candor compels me to admit that it is the smallest boom I have seen in several years". Candor compels me to go even farther than Mr. Cantor did and my sense of sound public policy drives me in the same direction. The ostrich habit of hiding one's head in the sand avails but little. What we need is scientific assembling of the facts—all the facts—and frank, courageous facing of those facts. I have sufficient faith in my fellowmen to believe that they will not be frightened by mere words nor yet by tasks to be performed, however stupendous they may seem to be. I am convinced that we all desire to know the problem in all its magnitude, so that we may devise commensurate remedies and buckle down to the task of getting the "business" over with as promptly and effectively as possible.

The problem before Canada and the world has been continuously underestimated in these last two years—and with disastrous results, as you know. It has also been exaggerated in some quarters. When I think of this exaggeration I am reminded of the story of the colored candidate for the ministry who on his appearance before the Examining Board of his Church was told to pick out some Biblical character and tell what he knew about him or her. "Ah thinks Ah'll take Jezebel", says he. "Jezebel, she was a hussy, a-setting up at a winder when David came down along thu Jerusalem. An' she hollered at 'im. An' he said 'Ef I got a frien' up there, let him th'ow 'er down'. And David had a frien' up there and' 'e th'ow'd 'er down'. An' David said, 'Let 'im th'ow 'er down again. An' 'e th'ow'd 'er down again. An' David said 'Let 'im th'ow 'er down seventy times seven.' An' 'e th'ow'd 'er down seventy times seven. An' she busted into a thousand pieces. An' they gathered up the fragments that nothin' be lost. An' de question am: Whose wife am she at de Resurrecschun?" (Applause and laughter.) In these troubled times there are many who seem to think that Jezebel's fate has been visited upon our economic system which only two short years ago was carrying those of us who live in Canada and the United States at breakneck speed through "New Era" of prosperity, such as no other country had experienced in the history of the world. To such people our economic machine has been broken into a thousand pieces and there is no one to claim the fragments. Surely that is an exaggerated, if not a wholly false, view. True it is that the machine is in trouble, that four or five of the sixteen cylinders are missing fire, that two or three of the tires are flat, that the speed has been slowed down to a snail's pace and that a good many of the passengers have had to get out and walk. But—if I may state a conclusion dogmatically without attempting proof at this time—the machine, in my opinion, is not incapable of repair. The engine needs to be overhauled, the battery recharged, the tires renewed, nuts tightened and moving parts re-lubricated. The brakes need relining and a powerful system of headlights needs to be installed if we are to drive again at the pace of 1929. Back-seat driving must be eliminated and more responsible, intelligent direction at the wheel is required. With such a thorough overhauling and such improvement in controls, it will probably be found that the "old bus" is still without an equal, superior to the only competitive model which has yet appeared, and capable of carrying us at record speed on to new peaks of prosperity.

I have not the time to give a comprehensive analysis of the causes which have led to the present recession. However, to obtain a modicum of background, I would like to make brief reference to three or four special aspects of the depression which are important for an understanding of its nature and for the consideration of possible remedies. In the first place, we should be careful to note its world-wide character. Never before has the world witnessed a depression so comprehensive in its economic character and so extensive in its geographic scope. Every important aspect of the economic system, and every important country of the world have been affected. Moreover the process of influence has been cumulative. As each country came to be affected, it, in its own turn, exercised a depressing influence upon other countries, thus continually extending and intensifying the process of economic decline. President Hoover has recently summarized the measure of this international deterioration as follows:—"Within two years there have been revolutions or acute social disorders in nineteen countries, embracing more than half the population of the world. Ten countries have been unable to meet their external obligations. In fourteen countries, embracing a quarter of the world's population, former monetary standards have been temporarily abandoned. In a number of countries there have been acute financial panics or compulsory restraints upon banking."

The basic cause of this characteristic of the present recession is obvious. In an economic sense the world has become one. What affects one member must affect all, this despite the fact that on the political side we have seen steadily increasing manifestations of separatism, of rampant nationalism. Much of our current trouble comes from our inability to reconcile this stubborn nationalism with the economic forces that tend to make the world a single entity. If the ramifications of the recession are so world-wide, and its causes, in part, based on international relationships, then it would seem obvious that recovery will call for international as well as intra-national remedies and that no single nation can expect to come out of the trouble alone, of and by itself.

The second, and most significant feature of the present depression is the persistent and calamitous fall in the general level of wholesale prices. That fall, though somewhat less precipitous than the drop in 1920-21, has been unique in many respects. In particular, it followed a period of price stability, not of great inflation as in the years prior to 1920, and while starting slowly in striking contrast to the sharp decline in common stock prices, it gradually acquired momentum as it penetrated throughout the world's markets and it has now become the outstanding feature of the recession. In scope and in severity—in most countries the decline has exceeded 30%—it has few counterparts in modern economic history. It is now clear that its causes are not only cyclical but secular. In other words, we have had superimposed upon the ordinary price decline, which invariably characterizes the oncoming of business depression, the downward thrust of a long run tendency to declining prices. Examining the record at this late date, we can now see that the general tendency of gold prices has been downward since 1920 and that the cyclical fluctuations in the meantime have been playing above and below this downward trend. Unfortunately we still know too little about the subtle chains of causation in the movements of gold, credit, trade and prices, but we are probably justified in selecting the following factors as primarly responsible for this declining trend:

1. The increasing volume of world production of goods, due to the improvement in equipment, processes and managerial technique, also the development of rationalization, etc.

2. The declining annual output of gold and the failure of the world's monetary stock of gold to increase at a rate commensurate with the rate of increase in the physical volume of trade, say 3% a year. World gold production, as you recall, reached its peak in 1915, declined for about ten years and latterly has been increasing somewhat. The world's gold stock has increased in the last thirty years but at a steadily decreasing rate.

3. The substantial increase in the demand for gold for monetary uses which has come with the resumption of the gold standard since the war. Though certain modifications of this monetary standard which were adopted by some countries, particularly the so-called gold exchange standard, served to economise gold, these economies were offset by the establishment of new definite legal reserve ratios, a larger physical volume of trade, a higher general price level and the widening of the area within which the gold standard was operative.

4. The so-called maldistribution of gold, the fact that an undue proportion of the world's stock gravitated to France and the United States where it was not allowed to work out its full effect upon commodity prices. As you know, a cardinal principle of the gold standard is that gold movements shall be allowed to exert their full influence on prices. Only in this way are countervailing forces set in motion which will restore international price equilibrium and secure an efficient distribution of the world's gold supply. The normal sequence of events is roughly as follows. Gold flows into a country, credit

expands, prices rise in the importing country, imports are encouraged, exports discouraged, and a counterflow of gold is set in motion. But in the last few years, this normal sequence of forces was impeded by various factors, including the positive measures taken by certain countries to prevent domestic inflation as a result of gold inflow, the necessity under the gold exchange standard for some markets to maintain excessive stocks of gold to meet possible heavy demands on the part of foreign governments, and the desire of several governments to accumulate huge gold stocks for political reasons, without reference to the immediate economic effects of their action. While, in my opinion, the undue concentration of gold in France and the United States was itself primarily due to fundamental economic factors such as reparations, allied debts and high tariff walls on the part of the great creditor countries, and while the gold stock of the United States was not as effectively sterilized as many people seem to think, yet it does seem clear that maldistribution did occur and that its net effect was to increase the burdens imposed upon an already doubtfully adequate world stock of monetary gold.

5. Finally we have the perverse effect of gold movements upon the security markets in the United States. As the result of a complicated set of factors, most of the effect of the huge gold movement into the United States and the resulting credit expansion, were concentrated mainly in the real estate and security markets. The expansion of buying power in the fairly narrow market for common stocks caused a skyrocketing of values, but this rise in prices did not set in motion the series of forces described above which automatically tend to stop a gold inflow. Instead of curtailing demand, rising prices for common stocks intensified the demand for them and the gold inflow, instead of being reversed, was still further stimulated. So the maldistribution of the world's gold supply was accentuated.

If this is a correct diagnosis, it is important for our prescription. Of more immediate concern to us here, however, are the effects of this drastic decline in prices. As I have already stated, the price decline of 1929-31 was unique in that it followed an era of price stability. This two-year decline was, however, only one episode in a story which began in 1920, the story of the deflation or liquidation of the inflationary movement of the war and early post-war years. As Colonel Ayres has pointed out, this is the third of these great deflationary movements in the history of this Continent, the two earlier ones occurring after the Napoleonic Wars and the American Civil War, respectively. But while it has taken about the same time to get prices back to pre-war levels in all three cases, the peculiar feature of the latest deflation is that it has come in two instalments. After rising to a peak in 1920 about 150% above the 1913 level, wholesale prices declined drastically in the first post-war depression, then stabilized at roughly 50% above the pre-war level for about nine years and in 1929 began a second descent which to-day has carried them back approximately to pre-war levels. Now in the nine year plateau, commodity prices at wholesale were sufficiently stabilized to justify confidence in their stability and all other prices became stabilized in adjustment to them—retail prices, wages and salaries, cost of living, real estate values, taxes, freight rates, etc. True it is, that with the impediments placed in the way of the normal working of the gold standard, this equilibrium was always doubtful, especially insofar as international relationships were concerned, but the fact remains that in the nine year interval the various interdependent parts of the price system did work out some sort of stable adjustment. This system has been suddenly dislocated and business relationships are everywhere disrupted. Retail prices and the cost of living are out of alignment with wholesale prices; wage rates, salaries and other items of manufacturers' costs are out of step with selling prices; raw materials, agricultural products, producers' goods and consumers' goods have broken their traditional adjustments, and so on throughout the list. If it is true that prices are going to remain at roughly two-thirds of their former values or, worse still, are going to continue downward, then it would seem that wage rates, salaries, taxes, and other items of cost may still be impossibly high, unless some striking increase in efficiency takes place. If prices stay down, land values, rents, leases, as well as taxes may prove to be too high. It would seem also that the burden of debt, piled mountain-high in the days of the "New Era" and already frequently backbreaking even under the old price level, may prove in many cases to be too great, and have to be scaled down. Falling prices increase the burden of debtors everywhere, whether the debtors be individuals, corporations, municipalities or nations.

I need not labor the argument. This, however, is one of the major problems of 1932. Must the new level of wholesale prices persist and, if so, must all other prices—retail prices, wages, salaries, rents taxes, interest, etc.—work out a new equilibrium by a painful process of readjustment? Or is it possible by increases in productive efficiency to reconcile the new levels of wholesale prices with the present levels of the various items of cost? Or can we hope to avoid the painful process of readjustment either by some automatic or deliberate method of lifting wholesale prices to something nearer the old levels?

The first alternative is not pleasant to contemplate. As to the second, it is doubtful if alone it can be a sufficient corrective of dislocated price levels, though it behooves everyone to press for increased efficiency. Automatic inflation has come in those countries which have gone off the gold standard, and even in gold standard countries the ultimate effect will be to lower the value of gold and thus increase gold prices. But it is difficult to say how important this factor will be. Can we hope for automatic inflation through the rise of new demands or the expansion of a great industry like building or automobile manufacturing as in the period after 1920-21? One must regretfully admit that nothing of this sort now appears on the horizon. Finally, dare we contemplate the possibility of deliberate inflation with all its dangers, through co-operative central bank or governmental action?

A third aspect of the business depression to which I wish to call attention is the special burden which declining activity and declining prices have brought to the agricultural classes and the agricultural areas. This phenomenon is all too familiar to Canadians. It has several fundamental causes. On the demand side, two chief factors have been at work. In most "civilized" countries, population has been growing at a slowly decreasing rate and this has retarded the increase of demand for food. The substitution of mechanical for animal power, especially important in Canada and the United States, has likewise reduced the demand for fodder. On the supply side, we have seen an extension of the world's arable area in North America, South America, Europe, Asia and Africa, due to improved means of transportation, to irrigation and drainage projects, to the development of new plant varieties and to the growth of economic nationalism, especially in the former belligerent countries of Europe. We have seen also the spread of scientific methods of cultivation, the improvement in the business and managerial aspects of farming and the invention of numberless improvements in mechanical devices which have increased substantially the productivity of the agricultural worker. Finally, we have witnessed the astounding effort of Soviet Russia to "come back" in the world's agricultural markets in order to get the "wherewithal" to carry out the Five Year Plan. In addition to this more rapid growth in the supply of agricultural products relative to the demand for them, we find other factors making for special weakness in this field. The demand for most farm products is notoriously inelastic—increased supply brings an unduly great decrease in price. The huge number of small and independent producers prevents effective organization for the control of the market or the limitation of output. Agricultural raw materials form the bulk of the commodities which enter into international trade, and consequently the numerous impediments to international trade which have characterized the last decade have tended to affect these products more than the sheltered domestic manufacturing industries. Finally, most of the nations which produce agricultural raw materials for the international markets are debtor nations, and any difficulties arising in payment of foreign obligations provide a stimulus for forced exports of the staple commodity, sometimes at greatly reduced prices. For all these reasons, evidence of existing difficulties in the field of agricultural raw materials appeared before the recession set in, and the decline in agricultural prices since 1929 has been especially rapid. If the price readjustment to which we have alluded is inevitable, the lot of the agricultural producer will be difficult and the incidence of his difficulties upon the lending classes, the manufacturers of agricultural implements, etc. cannot be underestimated. Any comprehensive program of reform, particularly for a country like Canada, must pay sympathetic attention to the difficulties of the farmer.

The final phase of the business situation to which I with to direct your attention is the crisis in banking and credit which in the last six or seven months has supplemented the influence of declining prices in increasing the intensity and scope of the business depression. Fortunately, this is a phase which we have largely escaped in Canada, thanks to the generally sound organization of our financial institutions and to the confidence of the Canadian public in their financial strength. However, we cannot afford to ignore a factor which has so profoundly affected our nearest neighbor and several of our most important customers. Moreover, Canada is one of the many countries which during the crisis has had to go off the gold standard—to all intents and purposes. Search for the ultimate causes of this crisis of confidence would lead us back to such fundamental factors as the reparations and allied debt agreements which were the heritage of the war; to the stupendous totals of debt, private and public, which were built up in the years prior to 1929 when rising trends seemed to be immutable laws of nature; to the replacement of England by the United States as the world's lending nation with all the evils of inefficiency, inconsistency and timidity which are inevitable in amateurish lending; to the weaknesses of the gold exchange standard and the other modifications introduced in the normal working of the international monetary standard; and to the sins of economic nationalism committed chiefly by the great new creditor nations of the world which failed to realize that one cannot eat one's cake and have it too.

But these are complex questions which we cannot hope even to outline here. Suffice it to trace the development of the credit crisis and to suggest what immediate importance it may have for us. It began, as you recall, early in May with the emergence of difficulties in Austria's leading credit bank, and later spread from one country to another like the plague, carrying destruction in its path. June and July saw the German crisis emerge and culminate. This was checked by the $100,000,000. credit to the Reichsbank, the Hoover moratorium on reparations payments and the so-called "standstill" agreement immobilizing until the end of February next the huge total of foreign short term balances in Germany (chiefly held by England and the United States). In mid-July the run began on the City of London, a run by foreign creditors who were frightened by the knowledge of England's huge balances now frozen in Germany and Austria, the Labour Government's failure to balance the National budget and the nation's failure to restore its balance of trade. Fanned by such factors as the May Economy Report, criticism of the so-called "dole", exaggerated rumours of a threatened mutiny in the British Navy and talk of a general election, the outcome of which was not completely assured in the mind of the foreign observer, and checked only for a time by credits of $250,000,000. and $400,000,000. by France and the United States to the Bank of England and the British Treasury, the run continued for two months until a billion dollars in gold had been withdrawn from London, and England had been forced off the gold standard.

Almost immediately after the English debacle on September 21st, the world panic hit New York City. Here again the movitation was largely fear for the safety of foreign balances held in New York banks, though the desire to strengthen weakening situations at home was also probably a factor. In a six weeks' period, over $740,000,000. in gold was either withdrawn from the country or specially earmarked for foreign account at the Federal Reserve Bank in New York. This foreign drain would not have seemed so threatening had it not been accompanied by a domestic drain of equal magnitude. With his suspicions aroused by the numerous failures of small unit banks, the American investor began increasingly to "run" on his local banks, withdraw his deposits and "hoard" the proceeds. The hoarding movement, of course, merely increased the difficulties of the banks, multiplied the number of failures, and caused enormous pressure upon the bond market as a result of the wholesale disposal of securities "at the market" by the banks who were engaged in a "race for liquidity" or a "race for salvation". By the end of October the increase of currency in circulation amounted to over $1,100,000,000. of which the bulk represented hoarding, while in the twelve months ending on that date, the number of bank failures exceeded 2,300, or over 10% of the 22,000 individual banks in the United States. Further, the Federal Reserve ratio dropped from 81.4% in August to under 60 and the New York Reserve bank twice raised its official discount rate.

If I may pass now from this brief discussion of background to an even briefer consideration of the present and immediate future, I would point out that in my opinion the most hopeful element in the present situation is the fact that this world panic, this crisis of confidence, is now apparently at an end for the time being at least. About four weeks ago, the foreign raid on New York ended. Perhaps of even greater importance is the change which has come in American domestic psychology. The hoarding movement and the runs on the banks have apparently been checked, thanks in part to the formation of the National Credit Corporation which, mobilized the resources of the stronger banks for the benefit of those under pressure, and to the announcement by President Hoover of his intention to recommend to Congress legislation providing for the liberalizing of the rediscount regulations of the Federal Reserve Banks, and for the establishment of a system of central mortgage banks to discount residential mortgage paper now resting in enormous amounts as "frozen assets" in the portfolios of many financial institutions. These promises have now been implemented in the President's annual message to Congress on Tuesday of this week, and have been supplemented by several other recommendations, the most notable of which is to establish a two billion dollar reconstruction finance corporation to provide emergency assistance to the railroads and other "sick" industries or institutions. This program should still further help to stabilize the American domestic situation. Now that the Federal Reserve System has come through this unprecedented episode of a double run on its resources with a supply of gold apparently still sufficient to pay off all the remaining foreign short term balances—amounting to about 1½ billions—and in addition to meet any home credit requirements likely to arise, the world can afford to breathe more easily. I say "the world" advisedly, for while this phenomenon seemed apparently a purely American domestic problem, it was full of potentialities of danger for the world as a whole.

Due in large part to the lifting of this credit strain and in part to reports, probably exaggerated, that Soviet Russia would be practically out of the world's wheat market during the next two years, we witnessed a few weeks ago a substantial upswing in wheat and a number of other commodity markets, also in the bond and stock markets. As usual in speculative markets, the pace of recovery became too rapid and the gains have not been held. Indeed, the stock market has made new lows. But a distinct change in the psychology of business men resulted and has, I think, persisted. Business men were apparently surprised to find that markets could go up as well as down, and began to take a new grip on themselves and their businesses. The result is not unlikely to be some improvement in business activity a little later on, representing a deferment of seasonal activity which should normally have come in September and October, and may now be delayed until the end of the year. Certainly this is going to be the case in the automobile industry, where the introduction of new models has been delayed several months by most companies. This postponement of the offering of new models is partly responsible for the record low output of cars in the last two or three months, and it may be that increasing activity in this important industry a little later on will act as a tonic to general business. (Applause). In those countries which have gone off the gold standard, some stimulus has also occurred already in the export industries, due to the depreciation of their currencies.

But if we are to hold the gains already achieved and capitalize a somewhat favorable opportunity, we must have statesmanship of a high order in operation promptly in the international field. Three problems cry urgently for solution: The problem of German reparations and short time credits: the world price and monetary problem; and the problem of international trade policy. To that you may add, if you like, the problem of disarmament, which must receive at least tentative solution in the next few months, but which to discuss here would take us too far afield.

The German problem is most immediately upon us. Presumably the Hoover-Laval negotiations laid the basis for a solution of this problem—or part of it—by indicating the extent to which the United States is prepared to go—much farther, by the way, than would have seemed possible six or eight months ago. But France now holds the key to the situation, and how wise a creditor she is going to be is not clear. So far she has maintained that the reparations problem must be solved within the limits of the Young Plan, and that reparations payments must take precedence over the payment of private credits, whereas Germany, as well as England and the United States, which hold most of the short term credits immobilized in Germany and now estimated at 2½ billion dollars, insist that the prior meeting of short term and other private debts is indispensable to the solvency of German industry, the maintainance of German trade, and the payment of any reparations. Meanwhile, as this deadlock persists, the number of unemployed has increased to nearly 5,000,000, the Reichsbank gold coverage has steadily declined from 30% to about 12%, departure from the gold standard seems increasingly inevitable, and the disappointments and hardships to which the people are subject are making for a steady rise in the fortunes of the political extremists. Will France be sufficiently far-sighted to see that economic and political pressure has brought Germany almost to the breaking point, and that both she and the world have everything to lose and nothing to gain by forcing Germany once more into financial and political chaos? As Ramsay MacDonald has pointedly declared, the time is short and every minute counts. May world statesmanship be sufficient for the problem; but until we know its record in this case, forecast for business during 1932 is futile.

In a similar way, far-sighted and generous cooperation among the nations seems necessary in the field of price and monetary problems, whose importance we have found to be crucial. In this field the experts differ radically, both as to theory and as to technique, and some skepticism exists as to the results of any deliberate cooperative action. But surely the urgency and nature of the problems call for joint consideration at least, and surely also, some positive good can be accomplished. Certainly, it would seem possible by concerted action to meet some of the problems involved in the disorderly "flight from the gold standard" and the ensuing scramble among the nations for gold. One thing, for instance, that is required is an early stabilization of the English pound—not a return to par, but comparative freedom from fluctuation at some level, however low. Probably neither Paris nor New York can promptly take the place of London as the world's banker and broker—they have neither the specialised insitutions, the technique nor the traditions entirely to supplant their great rival. In their own interest, as well as that of the world, it would seem desirable to cooperate in such a stabilization of the pound as would once more release for the benefit of world trade the unrivalled facilities of the City of London. (Applause). Some such combination of the surplus gold of France and the United States with the brains and experience of English bankers may prove to be a cornerstone of a new era of world prosperity. Or perhaps a more ambitious scheme might be worked out to affect a gradual re-distribution of the world's gold stocks, correcting the serious maladjustment to which I have already referred, and which has been aggravated rather than alleviated by the heavy gold movements of recent months. Permanent correction of this problem involves, however, a readjustment of German reparations, inter-allied and other international debts, and the tariff relationships of debtor and creditor countries. Apart from this problem the whole question of the future working of the gold standard or some substitute international monetary standard must be grappled with. The gold standard has broken down because we have been trying to work it under an impossible set of conditions. To what extent can these basic conditions be changed? If we cannot expect to return wholly to pre-war conditions, what modifications in monetary standards and in the technique of credit control must be introduced to give us a workable world standard and a world system of prices which will perform the vital functions in the guidance of economic activity that prices used to play? Further, is it unreasonable to hope that even under current conditions joint action of the central banks of the world might do something, at a favorable moment, to break the vicous circle of deflation and save us from some of the pains which automatic liquidation to the bitter end is bound to bring? Some of us may fear the dangers of price control but, for good or ill, whether we wish it or not, most of the world is now subject to currency management and managed currencies are with us for a long time to come. Can international cooperation not perform some service in this field of currency and credit control? Specifically, would it not appear desirable to call an international conference of the world's central bankers and Finance Ministers, perhaps also of prominent business men of the leading countries, to thresh out this tangled sheaf of price and monetary problems, and recommend to the cooperating countries such joint and individual action as reason seems to dictate? Will such a conference take place or will liquidation be allowed to run its course? I am pleased to note, in the morning papers, Ramsay MacDonald's announcement that Britain plans to call such a world conference immediately after the committee of experts now examining into the German problem at Basle has made its report. Again may we express the hope that world statesmanship may rise to the full measure of its responsibility. (Applause).

While this world conference is at work, it or one of its committees may well assume responsibility for the third of our international problems, that of international trade policy, which is, of course, closely bound up with price and monetary questions. I am sure that, whatever may be our views on tariff reform for Great Britain, each one of us here must be getting peculiar pleasure out of the current spectacle of John Bull administering to his benighted neighbors the same medicine that they have so long forced him to take. (Laughter and applause). But while we are enjoying this spectacle, those of us who have some faith in geographical specialization as the necessary basis for world prosperity may well ask where all this is going to end. We have already referred to the numerous impediments placed in the way of international trade in the post-war decade. We have just seen a world flight from the gold standard resulting in the imposition of automatic import tariffs of 10, 20 or 30 per cent. in the case of a long list of depreciated paper countries. These, in many cases have been met by the application of anti-dumping tariffs by other countries. The paper currencies, moreover, result in fluctuating standards of value which still further impede the free flow of international commerce. Now the world's great free trade nation begins to depart from its traditional policy with 50 per cent. import duties and power to impose 100 per cent. duties, and immediately we get threats of reprisal tariffs from France, Italy, Germany and other countries. One may well ask whether the tender plant of international trade can continue to survive at all in such soil and with such horticulture—whether indeed the world is not about to enter a "dark ages" insofar as international commerce is concerned. These are grave questions which deserve the serious consideration of a world conference of statesmen possessed of technical competence, a sense of economic realism and, above all, the spirit of cooperation, the will to work out a working program under which nations may live or let live. As one of its functions, we might hope that such a conference would speed the day when the world's great creditor nation, the United States, will realize that it cannot continue to force debtors to pay current charges on their huge totals of indebtedness, and at the same time refuse to accept the products of these debtor nations in payment. (Applause). As the months pass, more and more people in the United States realize that restoration of equilibrium with the rest of the world will necessarily involve a lopping off of part of the mountain of debts due their country, and at the same time a lowering of tariff walls, with a consequent readjustment of American industry. But judging by the statement from the White House this week, the dawn of official enlightenment is yet to come. (Applause).

In Canada, we are unusually fortunate. We have been less guilty, than several of our neighbors, of some of the excesses which contributed to this depression. We have great natural resources and a financial structure that still retains the confidence of its constituency. We have a people of resourcefulness and courage, a people that has always been able to measure up to its tasks and will do so again. The special tasks immediately before us are important but by no means insuperable. Our agricultural problem has already been touched upon. Perhaps the most serious of our remaining problems relate to our public finance. Some of our municipalities and provinces assumed heavy burdens in the recent years of hectic growth and universal extravagance. Many of their obligations were floated in foreign markets which now command a premium on Canadian exchange, and at the same time offer no relief via the refinancing route. Under a deflated price regime, these commitments will in many cases prove burdensome, if not intolerable, to taxpayers already beset with numerous other ills. It is high time that our legislative bodies heeded the warning recently issued by the Canadian Bankers' Association to exorcise administrative waste and reduce borrowings and expenditures to the limit. (Applause). The same principles of thrifty administration coupled with a wise selection of revenue-raising devices must also be applied by the Federal Government, which will continue to bear a heavy burden, thanks to its role as residuary legatee in the field of unemployment and financial distress. This function the public will insist that it continue to perform, but perform with economy and discretion. The Federal Government and the country are to be congratulated, first, on the timely conversion of our war loans, and secondly, on the striking success of the recent National Service Loan, which is an amazing tribute to Canada's ability to "come through" in a critical moment. (Applause). But the capital markets will have to be called upon again and yet again in the next two or three years, and if the response is to be equally successful, the most thrifty and judicious governmental housekeeping is essential.

Next in importance amongst our national tasks is probably the solution of our railway problem, a problem which dates back to war and pre-war years, but which has been aggravated by a decade of wasteful competition between our two great transportation systems, resulting in needless duplication of facilities and ridiculously lavish standards of service. Fortunately for my hearers to-day, this problem has been put up to a distinguished Commission, whose report is now being awaited by the Canadian public with the hope that it may be both fertile in its suggestions of appropriate remedies and persuasive in its power to secure adoption of its recommendations.

Finally, as individuals and as business corporations we have the major task of making our individual and collective adjustments to the new economic system or regime that is to prevail during the next few years. As already indicated, we should bring a sane and informed public opinion to bear upon the cooperative solution of the world's international problems, but even if we assume some measure of success in the deliberate effort to control price levels, a degree of readjustment will probably still be necessary. Undoubtedly, therefore, our major contribution as individual business men and business corporations must be our individual endeavours to readjust ourselves to the changed situation. We will contribute most by making or accepting new price and contract relationships with other individuals, corporations, or social classes that will provide the basis for a new working equilibrium of economic forces. For the business corporation this means, of course, the reduction of production and distribution costs to a point where the balance can be restored between prices and consumer purchasing power. For some individuals it may mean wage or salary adjustments or possibly compromises with debtors. But whatever it may be, let us give up vain regrets and empty illusions, let us recognize that 1932 is to be a year of readjustment—as 1931 was a year of disillusionment—and let us buckle down at once to the task of effecting those readjustments which are necessary for an early restoration of business prosperity. (Applause).

In proportion as we speed these individual readjustments, and at the same time restore sanity in our international relationships, shall we see an early and measurable restoration of that prosperity for which an harrassed world is eagerly waiting. (Loud applause).

Mr. Norman Sommerville, K.C., moved the thanks of the Club; he asked the audience to express themselves in appreciation of one of the most magnificent addresses ever delivered to the Club. The audience expressed their feelings by rising and cheering.

APPENDIX I

REPORT OF THE ANNUAL MEETING

The Annual Meeting was held on the 10th of December, 1931, at the Royal York Hotel, Toronto.

President H. G. Stapells drew attention to the long list of distinguished Past-Presidents who graced the head table, and he read the list of names of occupants of the Presidential Chair for each year from 1909 to 1930, amid applause. He spoke of the services rendered by Mr. C. J. Morris, who had presided at the piano, week in and week out, during the year. He made reference also to the services rendered by the Royal York Hotel in connection with the arrangements for the luncheon meetings. Acknowledgment of these services was made by hearty applause from the audience.

On the motion of Dr. Clarke the Secretary's Minutes were taken as read.

Secretary E. M. Morris then read his report as follows: Gentlemen, the season just closing has been one of the most successful. Thirty meetings were held, three of which were joint meetings with the Canadian Club, and one with the Board of Trade. There was an average attendance of 395. During the past year 263 new members joined; this makes an increase in membership of 104 over the preceding year. The paid-up membership of the Club now stands at 1,469. We might emphasize that non-British Subjects are now permitted to take out an associate membership in the Club. As our financial year does not terminate till December 31st, an audited statement is not available, but will be published in full in the year book as usual.

Secretary Morris also read the report of the Nominating Committee, which was adopted on the motion of Mr. Harling, seconded by Mr. Grasett. It is as follows:

Lt.-Col. George A. Drew	President
Lt.-Col. B. O. Hooper, D.S.O., M.C.	First Vice-President
Mr. George D. Davis	Second Vice-President
Mr. Dana Porter	Third Vice-President
Mr. E. M. Morris	Secretary-Treasurer

EXECUTIVE:

Major W. James Baxter, Mr. J. H. Brace, Provost Cosgrave, Messrs. W. J. Darby, F. B. Fetherstonhaugh, K.C., H. C. Grout, Gordon W. Hewitt, J. P. Hynes, Main Johnson, Napier Moore, J. W. McClain, John D. Spence, C. V. Syrett, Wm. Tyrrell, W. B. Watson, Howard Webster, J. P. Pratt, H. G. Stapells (Immediate Past President), and (representing the Past Presidents) Messrs. F. C. Coombs, Norman Sommerville, Arthur Hewitt.

Mr. Stapells, retiring President, said: And thus gentlemen, on this high plane, we close what has been characterized as a valuable year of addresses, with this so extremely valuable address by Professor Clark. The success of the year can fairly be attributed to several fortunate circumstances: In the first place in Mr. Morris, the Club is blest with a Secretary par excellence. (Applause). I doubt, though you searched the whole city over, if you could find one who by natural talent and inborn gentlemanliness is more admirably suited for this position. (Applause). My personal thanks are conjoined with the gratitude of the whole club for his services. In the second place the Club did itself a real service when a year ago it elected one of the best balanced and most willing Executives it has ever had. It has been a privilege and honour to be associated with such men as Messrs. Spence, Eayrs, Davies, Fetherstonhaugh and others. And then there has been the interest and encouragement of the past Presidents and the members of the Club generally.

Thus it is no wonder that with all this assistance and inspiration your President should appear to be worthy of the task and the high honour you conferred upon him a year ago. And as the office passes on to worthier hands, apart from the sincere re-affirmation of my thanks for the honour you did me, this is my last word to you: The task which the Empire Club seeks to perform and which it imposes upon its President, its Executive and each one of its conscientious members is one worthy of our very best efforts. Anything which stands for Empire should command your constant support in season and out of season and my hope is that you may give it more abundantly to the Club and to my successor during the coming year.

Our pleasure at Colonel Drew's election as president is marred by the knowledge that he mourns his mother who died yesterday. Accordingly, "in absentia", I commend to you my friend, your President, Colonel George A. Drew.

THE ANNUAL FINANCIAL STATEMENT

Receipts and Payments for the Year ended 31st December, 1931.

RECEIPTS

Balance brought forward, 1st January, 1931,			$39.71
Income:			
Annual Fees:			
Resident	$4,626.50		
Non-Resident	114.00		
Junior	4.00	$4,744.50	
Bank Interest		21.62	4,766.12
			$4,805.83

PAYMENTS

Expenditure:			
General Expenses:			
Salary (including $100.00 on account of year 1930)	$1,300.00		
Printing and Stationery (including cost of year book)	1,719.14		
Telegrams and Telephone	87.02		
Entertainments and Travelling Expenses	458.77		
Reporting	232.00		
Office Expense	545.25		
Miscellaneous	77.20	4,419.38	
Guests and Luncheons		380.85	4,800.23
Cash on Hand, 31 December, 1931			$5.60

Verified as per our attached report of this date.

H. T. JAMIESON & COMPANY,
Toronto, Ontario Chartered Accountants.
1st March, 1932. Honorary Auditors.

APPENDIX II

HONORARY PRESIDENTS OF THE EMPIRE CLUB OF CANADA, 1903-1932.

1903-1912. Rt. Hon. Lord Strathcona and Mount Royal, G.C.M.G., LL.D., D.C.L.*

1913. Field Marshal H.R.H. The Duke of Connaught and Strathearn, K.G., G.C.M.G.

1931. His Excellency The Rt. Hon. Earl of Bessborough, P.C., G.C.M.G.

PAST PRESIDENTS:

1902-4. 1904-05.	Brig.-General James Mason.*
1905-06.	Reverend William Clark, D.D., LL.D., D.C.L.*
1906-07.	Mr J. P. Murray.*
1907-08.	Mr. J. F. M. Stewart, B.A.
1908-09.	Mr. D. J. Goggin, M.A., D.C.L.
1909-10.	Mr. Elias Clouse, M.D.
1910-11.	Mr. J. Castell Hopkins, F.S.S.*
1911-12.	Mr. F. B. Fetherstonhaugh, K.C.
1912-13.	Right Reverend James F. Sweeney, M.A., D.D., D.C.L.
1913-14.	Mr. Justice James Craig.*
1914-15.	Lieut.-Colonel R. J. Stuart.
1915-16.	Mr. Albert Ham, Mus. Doc.
1916-17.	Mr. James Black Perry.
1917-18.	Mr. Norman Sommerville, M.A., K.C.
1918.	Mr. F. J. Coombs.
1919.	Mr. R. A. Stapells.
1920.	Mr. Arthur Hewitt.
1921.	Brig.-General C. H. Mitchell, C.B., C.M.G., D.S.O., LL.D.
1922.	Sir William Hearst, K.C.M.G., K.C., LL.D.
1923.	Mr. Ellis H. Wilkinson.
1924.	Mr. William Brooks.
1925.	Rev. Dr. R. N. Burns.
1926.	Colonel A. E. Kirkpatrick, Hon., A.D.C.
1927.	Colonel Alexander Fraser, LL.D., A.D.C.
1928.	Mr. Robert Fennell.
1929.	Mr. Hugh Eayrs.

1930.	Mr. John D. Spence.
1931.	Mr. H. G. Stapells.

HONORARY LIFE MEMBERS:

1920.	Colonel Alexander Fraser, M.A., LL.D., Litt.D.
1924.	Mr. D. J. Goggin, M.A., D.C.L.
1928.	Mr. H. G. Stapells.
1931.	His Excellency The Viscount Willingdon, G.C.S.I., G.C.M.G., Etc.

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* Deceased.

APPENDIX III

CONSTITUTION

INSTITUTED 1903

THE OBJECT OF THE CLUB IS THE ADVANCEMENT OF THE INTERESTS OF CANADA AND A UNITED EMPIRE

Organization of the Club and Branches

Art. 1.—(1) The organization shall be called the Empire Club of Canada.

(2) Branches of the Club may be established with the authority of the Executive Committee, and subject to such conditions and regulations as may from time to time be decided upon by the Club in Toronto.

(3) A committee may be appointed under the provisions of sub-section 2, article 1, for the establishment of branches of the Club, and the word "Unit" shall denote a Branch.

Classes of Members

Art. 2.—The Membership of the Club shall be open to any man of the full age of eighteen years who is a British Subject and shall consist of

(a) Active Resident Members,
(b) Non-Resident Members,
(c) Life Members,
(d) Honorary Members.

Active Resident Members and Non-Resident Members

Art. 3.—(1) Candidates for Membership shall be proposed and seconded by two members of the Club in good standing, and shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee.

(2) Active Resident Members shall pay an annual fee of $4.00 and Non-Resident Members $3.00, this fee

to include membership obtained after October 15th in any year till December 31st of the following year. Payment of such fee shall entitle each member to receive a copy of the Year Book. No member in arrears for fees or dues shall be considered in good standing or be eligible for office.

Life Members

Art. 4.—(1) Life Members, not exceeding ten in any one year, may be elected from time to time, at an open meeting of the Club, upon the recommendation of the Executive Committee. Provided, however, that Ministers of the Federal Parliament and Premiers of the different Provinces of the Dominion of Canada may be eligible for election at any time, even though their election may cause the number of Life Members to exceed ten in one year.

(2) Life Members shall pay a fee of $50.00 in one sum.

Art. 5.—(1) Honorary Members may be elected upon the recommendation of the Executive Committee, and at a general meeting of the Club.

(2) Honorary Members shall be exempt from the payment of fees, but shall not have the privilege of voting or holding office.

Officers to be Elected

Art. 6.—(1) The officers of the Club shall consist of an Honorary President; a President, First, Second and Third Vice-Presidents; a Treasurer, a Secretary, or a Secretary-Treasurer; and seventeen other members, all of whom shall be elected by ballot. These members together with the officers before mentioned, shall constitute the Executive Committee, and shall hold office, throughout the calendar year. All Past Presidents shall constitute an Advisory Council under the Chairmanship of the immediate Past President, and such Advisory Council shall elect annually three members, who, together with the retiring President, shall be the ex-officio members of the Executive Committee for the ensuing year.

Election of Officers

(2) The Election of Officers of the Club shall take place at a general meeting of the members, to be held not later than December 15th of each year, at a date to be decided upon by the Executive Committee, and this meeting shall be deemed to be the Annual Meeting. A committee to nominate the officers for the new year shall be appointed at the meeting next preceding such Annual Meeting, due notice of such meeting to be given to all members in good standing, and such committee shall report to the Annual Meeting; provided that no member shall be nominated to any office unless and until he has given notice in writing that he consents to such nomination and will act if elected to the position for which he has been nominated.

(3) Two Auditors shall be elected at each Annual Meeting.

Standing Committees

(4) Standing Committees shall be appointed as follows:—

(*a*) Finance Committee.
(*b*) Speakers' Committee.
(*c*) Membership Committee.
(*d*) Constitution Committee.
(*e*) Luncheon and Reception Committee.
(*f*) Publicity Committee.
(*g*) Royal Colonial Institute Committee.

Filling of Vacancies Among Officers

Art. 7.—In the event of an office becoming vacant by death, resignation, or otherwise, the vacancy thus caused shall be filled by the Executive Committee and the person so chosen shall hold office until the next Annual Meeting.

Duties of Officers

Art. 8.—The duties of the officers shall be those customary to such positions in similar organizations.

Holding of Meetings

Art. 9.—(1) The Club shall hold general meetings weekly from October to May, both inclusive, in each twelve months with such intermissions as from time to time may be decided upon.

(2) At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President, and this report shall be accompanied by an interim report from the Treasurer. As the financial year does not end until December 31st, the Treasurer shall, in addition to the interim report presented at the Annual Meeting, present an audited statement of the finances of the Club for the full financial year at regular meeting of the Club held during the month of January.

Notice of Meetings

Art. 10.—Written or printed notices of all meetings shall be given to the members of the Club. Such notices shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto.

Quorum at Meetings

Art. 11.—Fifteen members in good standing shall constitute a quorum at any meeting of the Club, general, annual or special and the presiding officer shall have a casting vote. Six members shall form a quorum of the Executive Committee.

Limitation of Business at General Meetings

Art. 12.—No business other than the hearing of the addresses and notices of motion shall be introduced at any meeting of the Club, unless it has been submitted to the Executive Committee and received its approval.

Calling of Special Meetings

Art. 13.—Meetings of the Executive Committee shall be called by the President, or on a requisition signed by three of its members. Special meetings of the Club may be called by the President, and shall be called by him on a requisition signed by twelve members and stating the object of the meeting. This object shall be stated in the notice calling the special meeting.

Financial Year

Art. 14.—The Financial Year shall be the same as the calendar year, *viz.*: January first to December thirty-first.

Amendments to Constitution

Art. 15.—This Constitution may be amended at the Annual Meeting, or at a special meeting called for that purpose, subject to a two-thirds majority vote of the members present.